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BUSINESS
WEEK

← Year
ago

← Week
ago

BUSINESS WEEK



RAW-HILL
PUBLISHING
COMPANY, INC.

CENTS

PRACTICING THEORETICIAN—Thomas Arnold, at Yale, put in writing his anti-trust theories; at Washington, he leads the anti-trust drive.

ALB ARBOR NICH
GENERAL LIBRARY
UNIVERSITY OF MICHIGAN



**... it
takes
3696 VALVES**

How many valves does it take to operate a varnish plant? We asked that question many places, got many varying replies. So we put it up to a nationally known firm of appraisal engineers. They selected a good-sized plant that makes only varnishes and lacquers and counted, one by one, every valve in the plant—little ones, big ones, valves on processing lines, valves in the power plant, valves for water, for gas, for every fluid used. And they found a total of 3696 valves. 436 were Globe Valves. 1562 were Gate Valves. The balance covered a wide range of types. Other plants would show a wide variation in the numbers of valves as capacity and types of products varied but no variation in the importance of valves.

TO MAKE THE VARNISH HE IS SPREADING...

It takes more than just gum, oil and turpentine to make good varnish—quantities and temperatures of the ingredients must be right—they must be properly refined and synthetized. Important base materials must be properly put together, under conditions that are carefully controlled. In putting these materials together, valves are vital units.

Valves permit accurate control of all the streams of flow. Valves link these lines of flow as switches join the maze of tracks in a railroad yard. Valves permit the accurate sorting, the proper combining of the materials that go to make up varnish.

Valves serve all industry where flow must be controlled. They permit the production, the distribution, and the economical use of power, of water, of air and gas. They stand as guardians against the spread of trouble. They protect against waste. They are among the most faithful of industry's servants.

In the Crane catalog are listed more than 38,000 different valve and piping items—items built to serve the needs of every industry by a company with more than 80 years of manufacturing experience—a company that has consistently been known for building uncommon quality into valves of common use.

and the **CRANE** line covers them all

CRANE CO. • GENERAL OFFICES: 836 SOUTH MICHIGAN AVE. • CHICAGO

Valves • Fittings • Pipe • Plumbing • Heating • Pumps

NATION-WIDE SERVICE THROUGH 134 BRANCHES AND MORE THAN 500 WHOLESALERS

BUSINESS



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YES, YOU CAN AFFORD THIS GREAT PLYMOUTH "Roadking"



PLYMOUTH
"Roadking"
5-PASSENGER SEDAN
\$685

—"Detroit delivered price," including front and rear bumpers and bumper guards, spare wheel, tire and tube, foot control for headlight beam with indicator on instrument panel, ash-tray front and rear, sun visor, safety glass and big trunk space (19.3 cubic feet). Plymouth "Roadking" models start at \$645; "De Luxe" models slightly higher. Plymouth prices include All Federal Taxes. State, local taxes are not included.

...AND
HERE'S
WHAT
YOU GET

THE great Plymouth "Roadking" is the biggest of the 3 leading lowest-priced cars—nearly 7" longer than one; more than 10" longer than the other.

The Plymouth "Roadking's" new ride is the year's sensation in the lowest-price field. Big, airplane-type shock absorbers and unique rubber body mountings block out bumps and road vibration... "radio studio" soundproofing absorbs noise and rumble.

All Plymouth models have a big, 82-h.p., "L-head" engine with Floating Power engine mountings... brilliant performance with record economy.

Plymouth owners report 18 to 24 miles on gas... lowest oil consumption, big savings in upkeep. Note: it's "the car that stands up best."

It's easy to own... your present car will probably represent a large proportion of Plymouth's low delivered price... balance in surprisingly low monthly instalments. Call your nearby Plymouth dealer today for a demonstration. PLYMOUTH DIVISION OF CHRYSLER CORPORATION, Detroit, Michigan.

MAJOR BOWES' AMATEUR HOUR, COLUMBIA NETWORK, THURSDAYS, 9 to 10 P. M., E. D. S. T.

PLYMOUTH BUILDS GREAT CARS THE "ROADKING"
THE "DE LUXE"



COOL
Silently

AIR CONDITIONED BEDROOMS AT WASHINGTON'S MODERN HOTEL

Assure Healthful Sleep and
Escape From All Outside Noises

✧ Restaurants ✧ Lobbies ✧
✧ Public Assembly Rooms ✧
Also Made Delightfully Com-
fortable By The Quiet Flow Of
Fresh, Washed Air

Naturally Ventilated Bedrooms
and Suites On Every Floor, If
Preferred

Single Rooms from \$4
Double Rooms from \$6
All with bath, of course

The Air Conditioned
MAYFLOWER
WASHINGTON, D. C.
H. L. POLLO, Manager

NEW YORK OFFICE:
631 Park Avenue MUrray Hill 9-2389

NEW BUSINESS

"In large mailings, weather conditions are factors of importance," says the *Fact Sheet* for clients of Hughes, Wolff & Co., Rochester national advertising agency. "Thus, the government demanded \$460 additional postage from one company when the loads of 'permit' matter reached local post offices. A discrepancy of 4.6% (5,750 lb.) was found to have been caused by absorption of moisture during a rainy spell."

BACK in the days when Hinde & Dauch Paper Co., Sandusky, O., began to manufacture corrugated fiber board, the big bulk of its product found its way into packaging products of many types and sizes. Along came mechanical refrigeration with its demands for a lightweight, efficient, inexpensive insulating material, and H. & D. filled the bill with multiple layers of alternately flat and fluted sheets of tough paperboard whose function is to entrap all the noncirculating air possible. Now the company is going after its fair share of home building insulation business with Ideal Air-Cell Insulation, similar in structure to that used in refrigerators and equally efficient.

ON the afternoon of June 8, Special Libraries Association is sponsoring "A Symposium on Microfilming and Documentation" as a feature of its 30th annual convention at the William Penn Hotel, Pittsburgh. Those who wish to see how it is possible to preserve valuable records, such as letters, by microfilming at a cost of a fraction of a cent per letter and with a saving in space of more than 99%, can secure tickets from Ross C. Cibella, 309 Ross St., Pittsburgh.

AND those who wish to read micro-filmed records and letters in comfort may be glad to know that Science Service, 2101 Constitution Ave., Washington, D. C., is now prepared to furnish the Argus microfilm reader, which throws each tiny 35-mm. shot up to the size of a standard magazine page, right on a level with the eyes. Same reader will also project larger images on wall or screen. Incidentally, it's possible to get access to almost 90% of the world's literature through microfilm prepared by American Documentation Institute, Washington, D. C.

JUNE 8-11, Austin-Hastings Co., New England distributor of metal working equipment, 226 Binney St., Cambridge, Mass., will take over Boston Garden Exposition Hall to exhibit an unbelievably complete line of machine

tools, sheet metal equipment, and welding equipment in actual operation. Ambition of the company is to make the affair the largest distributor's machine tool show ever staged.

STOCKHOLDERS of Westinghouse Electric & Mfg. Co. who request them are being supplied with enameled metal Westinghouse emblems for use with their automobile license plates.

FINE instance of cooperation between business and education will be seen in the news that Winkelman Shoe Co., 489 Fifth Ave., New York, is handling the women's shoes manufactured by the Antioch Shoe Project, Antioch College, Yellow Springs, O. The move on the part of the shoe store is not one of pure altruism, because great strides in Antioch styling have been made during the past year.

CURRENT issue of *Chemical & Metallurgical Engineering*, 330 W. 42nd St., New York, which is devoted to mechanico-chemical processing, carries a comprehensive tabulation covering the ways and means of pulverizing 200 process materials.

SOME while back Crosley Radio Corp., Cincinnati, startled the home equipment market by installing radios in electric refrigerators. Now the company makes radio-refrigerators sell themselves from dealers' floors by means of five-minute phonograph sales presentations and musical demonstrations which emerge from the loudspeakers.

THREE candidates for the business library: (1) "The Soybean Industry," by Dr. A. A. Horvath, published by Chemical Publishing Co., 148 Lafayette St., New York, \$4; (2) "The Federal Government Today," a survey of recent innovations and renovations, published by American Council of Public Affairs, 20 Vesey St., New York, \$1; (3) "Effect of City Water and Sewerage Facilities on Industrial Markets," and their relation to the market for air conditioning equipment, published by Bureau of Foreign & Domestic Commerce, Washington, 10c.

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WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)—Planned economy for business and industry with close government supervision of production and competition, following much the same pattern as Sec. Wallace is using to regulate agriculture, will be pressed strongly by left wingers as the next step toward "recovery."

President Roosevelt is disposed to go along with them, though he questions the political expediency of such a move on the eve of the Congressional elections.

Stage Is Set for Planning

Right-wing advisers hope that victory for the wage-hour bill may dissuade him, but more economic planning is still the prospect at the tag end of a session in which the President was turned down on government reorganization and his favorite tax theories.

It is the prospect because of the utter failure of pump-priming and credit inflation to give business and employment the lift which the left-wingers predicted.

It is also the prospect because, despite the failure of the Roosevelt recovery measures and despite the desire for independence on Capitol Hill, various tests show that Roosevelt still stands strong with the voters and has the power to defeat if not the power to elect.

Conservatives Hard-Pressed

Conservative independents on Capitol Hill are distinctly worried by numerous developments; not only are they afraid themselves but they are gaining few recruits. Florida nominated a New Dealer and a Townsend Plan advocate over an independent conservative in the Senatorial primaries. Now in a run-off contest Florida proceeds to nominate a Townsendite and a New Dealer for the seat in the House which that independent conservative presently occupies.

Oregon Democrats beat a sitting governor for renomination, largely because he had insisted on preserving order in labor disputes, and nominated a New Dealer endorsed by Harold Ickes.

Another Mandate

Washington faces the unprecedented situation in which a bad depression and increasing unemployment are actually helping the Administration in power, instead of crushing it, as has invariably been the case so far in this country's political history.

Congress construes the various votes and polls as a mandate to the President to proceed with economic experimentation.

The only question is whether the President will "press his luck" and go forward with plans he has long contemplated and approved. Plans to avoid increasing capacity to the point where, as he sees it, profits are turned into "additions to plant which are now standing stark and idle", as he said in his 1932 acceptance speech. Plans, as he describes them, to prevent unfair competition, monopolistic methods in business, collusion to produce identical bids, and movements of plant to reach cheaper labor for exploitation. In short, plans to attain his ideal of planned economy with no depressions, no booms, no underprivileged, no speculative profits of any kind, and very small profits for all business units.

Advisory Boards Are Futile

Sen. Bulkley's long-cherished plan for setting up a National Economic Council, which he sought to revive again this week, doesn't fit into this picture. Intended to promote intelligent co-operation between business and government, it might be productive of competent advice but it doesn't lay any obligation on the Administration to accept that advice.

A good example of the futility of such plans is Sec. Roper's Business Advisory Council. It is composed of rather important men but their collective advice—to the extent that it may filter through Roper—is ignored by the Administration.

In economic fact-finding, the field is already well occupied by Brookings Institution and several other organizations not so susceptible to political tincture as a government-sponsored group.

South Seeks More WPA Funds

Fearing that the Senate will pass the wage-hour bill without differentials favoring the South, a group of Southern Senators is preparing to fight for removing the present differentials applied in WPA relief wages.

If WPA wage levels in the South are brought up to those of the remainder of the country, Sen. Ellender of Louisiana points out, the federal Treasury will be disbursing from two to three hundred millions more below the Mason and Dixon line each year.

Negro Migration a Problem

Southern Congressmen may not like the idea of a wage-hour bill which will

compel their voting constituents to pay their Negro labor more for shorter hours, but that isn't their only complaint. They also resent the raids on their labor by Northern Democratic leaders, anxious to avoid the economic waste of having Negroes on relief in states where they cannot vote.

Heavy movement of Southern Negroes to New York, Philadelphia and Chicago, where they promptly become Democratic voters, has resulted in all sorts of new-fangled treatment down South, intended to keep the Negroes near the cotton.

Special school buses loaded with Negro children have been roaming Washington's sight-seeing routes this spring, to the great astonishment of Northern visitors as well as D. C. residents.

Labor Debates Boycott

Labor leadership has long fought shy of the boycott as a dangerous weapon, but whether that policy will prevail from now on is an open question. The answer rests with C.I.O.'s high command in Washington, where word was received this week that a famous labor relationship on which one of its biggest unions was built had cracked wide open.

Charging that Philco Radio & Television was shutting down Philco manufacture by ordering radio sets from scattered low-wage plants, the United Electrical, Radio & Machine Workers Union fears its local will be extinguished.

With no contract since May 1, with a majority unemployed, and with negotiations stalled, the union is threatening to force a nation-wide boycott of Philco products, with a campaign for picketing and propaganda conducted through the labor press.

Tax Immunity Crackdown

The Supreme Court this week clearly forecast further drastic restrictions of the reciprocal immunities from each other's tax schedules which state and federal governments enjoy.

By approving federal levies on state university football receipts and on Port of New York Authority salaries the court left no doubt that it will go a long way to meet the Roosevelt ideas, expressed in his recent message to Congress and sure to be included in next year's tax bill.

Profits Tax Unnecessary

The Supreme Court's decision last week in the National Grocery Co. case indicates that the undistributed earn-

APARTMENT BUILDING SAVES 75 TONS OF COAL IN 4 MONTHS

Webster Moderator System Helps
Windsor Court Apartments to
Improve Heating Service

BETTER STEAM DISTRIBUTION

Weekly Heating Schedule of 112
Hours Increases Importance
of Effective Heating

TENANTS GET ADDED COMFORT

Baltimore, Md.—With a heating schedule of 112 hours a week for average winter weather, the Windsor Court Apartments made an appreciable reduction in heating costs by installing a Webster Moderator System of Steam Heating.

During the first four months of the 1937-38 heating season, coal consumption was reduced 75 tons. This savings figure is based on the average coal consumption for the two years preceding modernization, with correction for degree day differences. After this practical demonstration of the efficiency of the Webster Moderator System, the owners of the apartment exercised their contract option and completed payment for cash.



Windsor Court Apartments, Baltimore, Md.

W. Burton Guy, Manager of the Windsor Court Apartment Corporation, said: "In past years our coal consumption has been 373 tons average per year. In the first four months with the Webster Moderator System, we used 75 tons less than the average. We believe that our total for the year will be well over 100 tons savings."

"We get greater comfort, more even distribution of heat, with less complaints," Mr. Guy said. "To accomplish the savings it is not necessary to starve the tenants of heat. We are pleased with the results and know our investment will be returned in less than three years."

Comfort for tenants, an important consideration in apartment house management, is accomplished with an Outdoor Thermostat which automatically adjusts the basic rate of steam delivery with every change in weather conditions.

Lloyd E. Mitchell, Inc., well-known Baltimore heating firm, served as modernization heating contractors. There is a total of 6,795 square feet of installed direct radiation.

These before-and-after facts point the way to maximum comfort and economy in heating new buildings as well as in modernization of existing installations. Consult your architect, engineer or heating contractor. Or address

1868 WARREN WEBSTER & CO., CAMDEN, N. J. 1938
Pioneers of Modern Steam Heating
50 YEARS OF HEATING PROGRESS

Representatives in 60 principal U. S. Cities

ings tax was not as necessary as the government thought it was to enable it to get at corporations which withheld earnings.

Collector of Internal Revenue Helvering won a \$477,000 tax deficiency, arguing successfully that the grocery chain "improperly accumulated a surplus" to permit Henry Kohl, sole owner, to avoid personal income taxes. In other words, the government had the power since 1920 to get at surpluses, but the undistributed earnings tax was enacted because the Treasury felt that the ban on improper accumulation was unenforceable.

Shifting the Burden

In the Revenue Act of 1938, Congress has simplified the task of proving the case against corporations hoarding earnings. Hereafter, if the Treasury charges a company with "improper accumulation," it will be up to the company to disprove the charges by a "clear preponderance" of evidence. In short, the burden of proof has been shifted, and corporations, whenever they have special business reasons for retaining a large share of earnings, might consider submitting the reasons along with their income tax returns. A suit, involving a tax ranging from 25% to 35%, is worth avoiding.

Heading for Trouble

The "fair trade" and anti-chain store lobbies, supported by independent retailers, are playing enthusiastically along with the Administration in its anti-trust crusade, but are likely to be hauled up short and confronted with anti-trust charges themselves if they push their game too far.

The Miller-Tydings act which legalized application of state resale price maintenance laws to trademarked goods shipped in interstate commerce will be given a very narrow interpretation by the Federal Trade Commission, and the Department of Justice is standing by to investigate any evidence of restraint of trade.

This attitude was clearly indicated in the FTC action last week, which recognized the right of Packard and Schick to fix the prices of their electric shavers under "fair trade" laws but firmly ordered abandonment of all efforts to coerce dealers or restrict distribution.

Easy Money for Government

The much-talked-about capital strike, which the Administration believes prevents the private utilities from spending a billion dollars a year needed for improvements and expansions, is not a boycott on the government by any means. Owners of idle dollars are eager to buy governments, at practically no interest, just to keep their money safe.

The RFC asked for \$5 million and was offered a billion. The federal Com-

modity Credit Corp. called for bids for two hundred million and was offered two billions. And Secretary of the Treasury Morgenthau obtained his last short term money at 0.025%—one-fourth of one per cent!

Drug Bill Up to House

Projected compromise on those provisions of the food and drug bill objectionable to the Department of Agriculture has broken down. Chairman Lea, of the Interstate Commerce Committee, will let the House decide to what extent Sec. Wallace's authority in framing regulations should be hedged about by appeal to the courts.

There will be action soon, for Administration leaders want to get rid of the five-year-old bill before this session ends.

Political Phosphate

Politics does not become less fragrant when it is mixed with fertilizer. The President regards proper conservation and utilization of phosphate resources as truly important, but the problem is only exigent now for two reasons: As ballyhoo for the reelection of New Deal Sen. Pope of Idaho and as furnishing a market for power generated by the Bonneville and Grand Coulee dams if western deposits of phosphate are exploited.

Rail Rate Rebates Stay

Litigation over old land grants to the Northern Pacific, stirred up by Wallace and Ickes, has sidetracked legislation to eliminate rate reductions to the government on land grant mileage. Also entangled in the rail wage-cut issue, the bill is regarded as dead for this session.

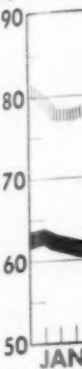
An estimated \$6,000,000 to \$7,000,000 in added revenue probably would net the roads much less, for government agencies, required to ship the cheapest way, now are diverting freight to boats and trucks.

"Educational Orders"

Close to enactment in the Senate is the Sheppard bill authorizing the war department to distribute "educational orders" for special munitions to the extent of \$2,000,000 a year, a long-advocated plan to familiarize commercial plants with munitions manufacture in anticipation of war.

The bill was recently tacked on by the Senate as an amendment to the naval expansion bill but eliminated in the House-Senate conference committee.

On the House side the bill's prospect is not bright, although Rep. Smith of Connecticut is seeking a rule to bring it to a vote on the floor on the strength of a favorable report from the Military Affairs Committee.



PRODUCE

- Steel
- Building
- Engines
- Bituminous
- Electric

TRADE

- Total
- Miscell
- Check
- Money

PRICE

- Wheat
- Cotton
- Iron
- Copper
- Moody

FINANCE

- Bond
- Call
- Prime
- Business

BANK

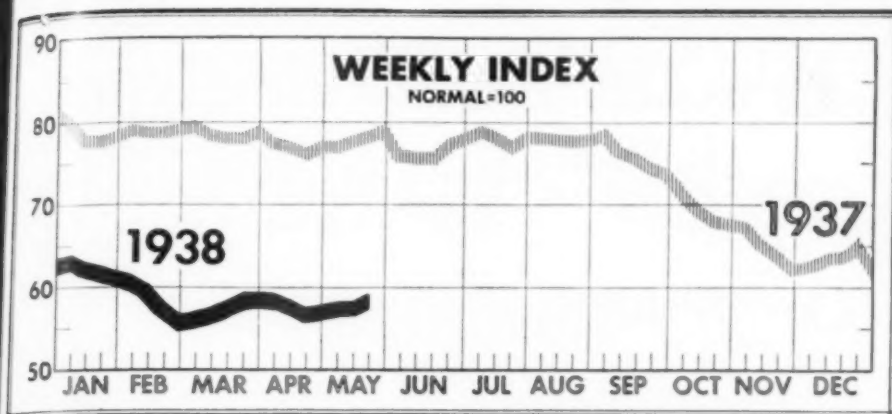
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BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



The Figures

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|-----------------|-------|
| Latest Week | *59.1 |
| Preceding Week | †58.3 |
| Month Ago | 57.7 |
| Year Ago | 79.1 |
| Average 1933-37 | 68.8 |

PRODUCTION

| | Latest Week | Preceding Week | Month Ago | Year Ago | Average 1933-37 |
|--|-------------|----------------|-----------|----------|-----------------|
| *Steel Ingot Operation (% of capacity)..... | 29.0 | 30.7 | 32.0 | 91.0 | 59.6 |
| *Building Contracts (F. W. Dodge, 4-week daily average in thousands)..... | \$8,748 | \$8,462 | \$8,426 | \$10,194 | \$6,293 |
| Engineering Construction Awards (Eng. News-Rec. 4-wk. daily av. in thousands)..... | \$7,659 | \$7,749 | \$8,057 | \$9,792 | \$5,287 |
| *Bituminous Coal (daily average, 1,000 tons)..... | 862 | 1,811 | 920 | 1,204 | 1,026 |
| *Electric Power (million kw.-hr.)..... | 1,968 | 1,968 | 1,951 | 2,199 | 1,797 |

TRADE

| | Latest Week | Preceding Week | Month Ago | Year Ago | Average 1933-37 |
|--|-------------|----------------|-----------|----------|-----------------|
| Total Carloadings (daily average, 1,000 cars)..... | 90 | 89 | 90 | 128 | 105 |
| *Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)..... | 62 | 63 | 62 | 82 | 70 |
| *Check Payments (outside N. Y. City, millions)..... | \$3,967 | \$3,566 | \$3,885 | \$4,661 | \$3,681 |
| *Money in Circulation (Wednesday series, millions)..... | \$6,402 | \$6,396 | \$6,361 | \$6,399 | \$5,740 |

PRICES (Average for the week)

| | Latest Week | Preceding Week | Month Ago | Year Ago | Average 1933-37 |
|---|-------------|----------------|-----------|----------|-----------------|
| Wheat (No. 2, hard winter, Kansas City, bu.)..... | \$1.82 | \$1.82 | \$1.86 | \$1.30 | \$1.97 |
| Cotton (middling, New York, lb.)..... | 8.45¢ | 8.67¢ | 8.90¢ | 13.26¢ | 11.50¢ |
| Iron and Steel (Steel, composite, ton)..... | \$38.50 | \$38.52 | \$38.58 | \$39.97 | \$33.31 |
| Copper (electrolytic, Connecticut Valley basis, lb.)..... | 9.000¢ | 10.000¢ | 10.000¢ | 14.000¢ | 9.600¢ |
| Moody's Spot Commodity Price Index (Dec. 31, 1931=100)..... | 134.2 | 137.0 | 139.7 | 208.6 | 156.5 |

FINANCE

| | Latest Week | Preceding Week | Month Ago | Year Ago | Average 1933-37 |
|---|-------------|----------------|-----------|----------|-----------------|
| Bond Yields (Standard Statistics, average 45 bonds)..... | 6.55% | 6.36% | 6.48% | 4.40% | 4.79% |
| Call Loans, Renewal Rate, N. Y. Stock Exchange (daily average)..... | 1.00% | 1.00% | 1.00% | 1.00% | .85% |
| Prime Commercial Paper, 4-6 Months, N. Y. City (prevailing rate)..... | .75-1% | .75-1% | .75-1% | 1.00% | 1.13% |
| Business Failures (Dun and Bradstreet, number)..... | 222 | 231 | 226 | 187 | 239 |

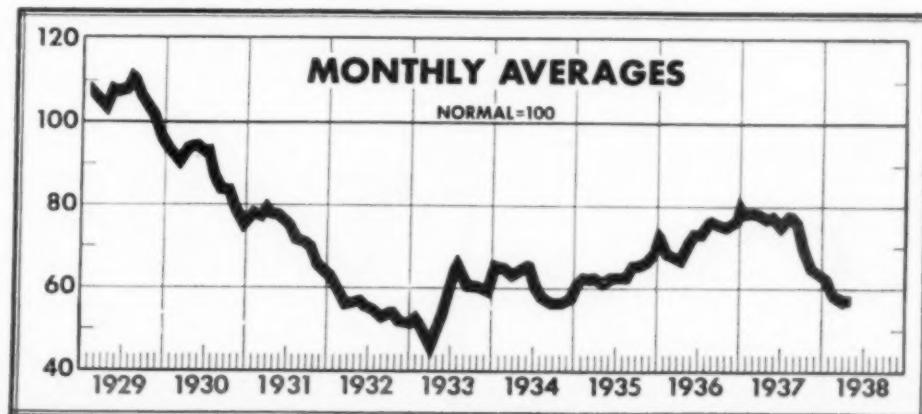
BANKING (Millions of dollars)

| | Latest Week | Preceding Week | Month Ago | Year Ago | Average 1933-37 |
|--|-------------|----------------|-----------|----------|-----------------|
| Total Federal Reserve Credit Outstanding (Wednesday series)..... | 2,589 | 2,589 | 2,583 | 2,565 | 2,447 |
| Excess Reserves, all member banks (Wednesday series)..... | 2,560 | 2,480 | 2,492 | 907 | 1,614 |
| Total Loans and Investments, reporting member banks..... | 20,679 | 20,810 | 20,809 | 22,177 | 19,829 |
| Commercial and Agricultural Loans, reporting member banks..... | 4,074 | 4,110 | 4,208 | 4,205 | § |
| Security Loans, reporting member banks..... | 1,177 | 1,184 | 1,214 | 2,045 | § |
| U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..... | 9,343 | 9,361 | 9,156 | 9,476 | § |
| Other Securities Held, reporting member banks..... | 2,928 | 2,998 | 3,068 | 3,201 | § |

*Factor in Business Week Index. *Preliminary, Week Ended May 21. †Revised. § Not Available.

These monthly averages are merely simple averages of each month's weekly figures of Business Week's index of business activity presented in the chart at the top of the page. They enable readers to get a general view of the trend of business since 1929.

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The Truscon Standard Steel units used in this boiler and pump house include Pivoted Windows with mechanical operators, Steeldeck Roof and Standard Steel Panels in the gable ends of the building.

Small Buildings, too, can be vitally important!



USE THIS FOR PROMPT REPLY
We are interested in the type of building checked below.

Length.....Width.....Clear Height.....

SERIES-A—pitched roof types

TYPE-1 ☐ TYPE-2 ☐
TYPE-3 ☐ TYPE-3-M ☐
TYPE-4 ☐ SAWTOOTH TYPE ☐

SERIES-B—flat roof types

TYPE-1 ☐ TYPE-2 ☐
TYPE-3 ☐ TYPE-3-M ☐
TYPE-4 ☐ TYPE-4-M ☐

Name.....

Address.....

City.....State.....

★ The function, not the size, of a building determines its importance. Many times a small building is the heart of a big plant. The building illustrated is an example of combining Truscon Standard Steel units to meet definite requirements most efficiently but with a minimum of expense.

- The slender but strong, rigid, steel muntin bars of Truscon Pivoted Windows admit maximum light to the interior. Equipped with modern mechanical operators, these windows are easy to open and close. They are permanent, firesafe and never shrink or warp. The roof construction is Truscon Ferrobord Steeldeck and in addition to the advantage of being light in weight, is permanent and fire-resistant. Truscon Standard Steel Building Panels in the gable ends complete this structurally strong, firesafe building.
- If you have a building problem, turn to Truscon for a correct combination of Standard Steel Units to meet your need most efficiently and economically.

TRUSCON

STEEL COMPANY

YOUNGSTOWN, OHIO

57 SALES-ENGINEERING OFFICES
SUBSIDIARY: REPUBLIC STEEL CORPORATION

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THE BUSINESS OUTLOOK

THE NET EFFECT of the various cross-currents which came to bear on business this week has probably been unfavorable. The indexes of production and trade covering last week's operations showed uniform improvement, but the first indexes for the current week indicate a decline. Stock and bond markets have drifted off, and commodity prices have fallen to new lows. Another war scare has come from Europe, and the American political scene is apparently dominated by pre-election maneuvers at the expense of serious concern with the country's economic situation. There is no reason to modify the forecast of continued depression for the next three months.

On the other hand, none of the current developments need interfere with the grounds for expecting better business in the autumn months. Whether the individual pays more attention to the gloom of the immediate outlook or to the gains which may reasonably be awaited later will depend on his temperament and interests.

For the person looking at the economic cycle of prosperity and depression as a whole, the emphasis should perhaps be laid on the coming revival. Whether that revival will carry far, or will merely mean a moderate recovery after a severe decline, it would be premature to forecast at this time.

Index Goes Up

The current *Business Week* index of business activity is remarkable in that, for the first time since Aug. 24, 1935, every component series in it shows an increase. Some of these increases are measured in decimals only or are preliminary and might show an appreciably different trend after revision, but the present showing is well worthy of attention. The first three weeks of May, therefore, have marked at least a halt in the secondary decline in business activity which set in after the failure of the spring rally to carry through at the beginning of April.

Steel Output Declines

Unfortunately, the first important index of activity that was published for the current week indicates that the stopping-place of the first three weeks of May was probably temporary only. This index is that for steel production. On Monday the American Iron and

Steel Institute announced that plant operations for the industry as a whole had been scheduled at 29% of capacity. This was down nearly two points from the week before, and was the lowest figure since the first half of January. On Wednesday *Iron Age* estimated ingot production at 28% of capacity, down two points from the estimate of the preceding week.

Expect a Bottom

A downward trend in steel output seems to be established, and on the basis of past experience this trend is very likely to be reflected in the other important indexes of industrial production. The trend should not carry far, since miscellaneous uses of steel and mass consumption of commodities in general should furnish a bottom to steel production and to industrial production as a whole at a point not far below present levels. But for the moment the slipping-off process seems to have recommenced.

Watch Consumers' Goods

In looking forward to a halt in the decline and to the start of recovery, one should not count too strongly on the great durable goods producing industries—with the exception of residential building—but rather on those making consumers' goods. Thus retail sales of automobiles, the principal durable commodity sold to consumers, are continuing to prove disappointing. If gains are not made in the next few weeks, the producers are expected to scrap plans for important changes in the 1939 models and to start production of new cars, not greatly changed, some time around Labor Day. Until that time output would continue to taper off, and there would be little aid to other industries in the way of buying orders.

Building and PWA

In another important line—non-residential building—contracts awarded in the first half of May were sharply lower than a year ago, and there is little prospect of a pick-up in the near future. Public Works Administration contracts will result later from the government's spending program, but by preventing a healthy reduction in labor costs and material prices they may hamper recovery in privately financed construction.

Railroad Wage Cut

The outlook for buying by the railroads and public utilities is still held back by politics. Important Senators have practically vetoed railroad aid legisla-

tion so long as the roads insist on their proposed 15% wage cut. It is believed that the railroads prefer the reduction of labor costs to the securing of more loans, and that a moderate wage reduction will ultimately be effected. Moreover, the Reconstruction Finance Corp. can still make loans on the same terms as before—that is, with certification from the Interstate Commerce Commission of the road's solvency. But the prospects for improvement here have obviously been postponed.

Utilities and Government

The utility situation is still jammed up in the same manner as that of the railroads. The principal current issue is the right of the Public Works Administration to make extensive loans and grants to states and cities in order to build competing power plants. However this issue may be settled as regards the present spending program, a realistic appraisal of the situation indicates that sufficient peace between utilities and government to encourage new investment is still far from achieved.

Retail Inventories Dwindle

Regardless of immediate business changes and political flare-ups, basic forces looking toward ultimate recovery are still in progress. One of these stems from the consumers' goods industries—the gradual reduction of stocks on hand as a result of maintenance of consumption and retail buying at a higher level than production.

Department Store Stocks

This week the Federal Reserve index of department store stocks, which is the principal series representative of this type of inventory, was announced for the end of April. It had dropped to 68, as compared with 65 before the rise began in 1936, and with 78 after it culminated in 1937. It looks as though three more months would complete the liquidation here.

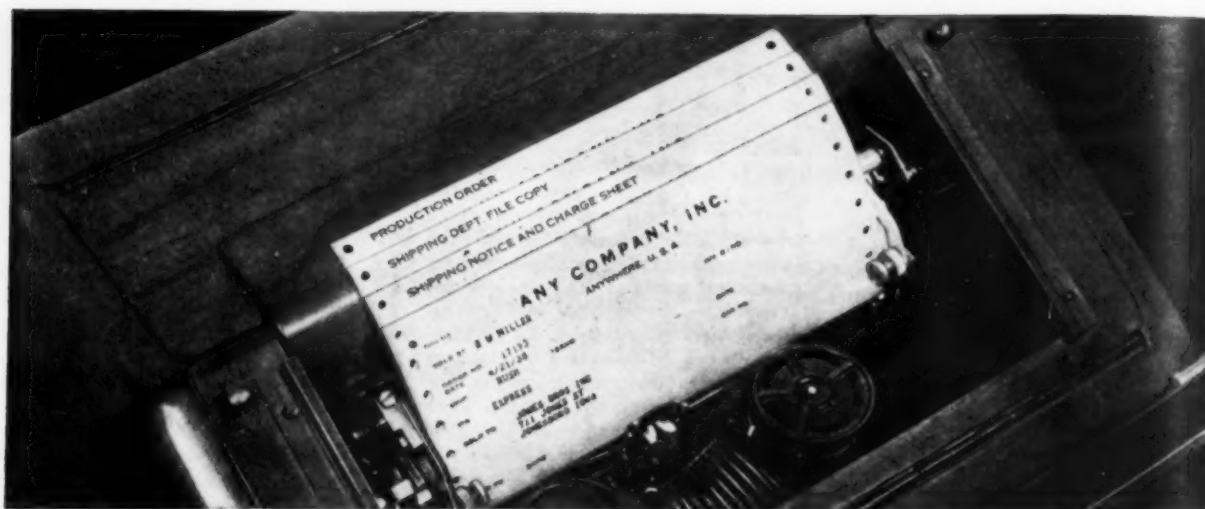
Effect of Inflation

The other basic factor is the revolution in the government's monetary policy which occurred last month. As two billion dollars in gold are injected into the country's monetary and banking systems, the effects must ultimately be momentous. It may take several months for these effects, which have already been felt in high-grade bonds, to reach commodity prices and industrial production. But the fundamental trend has been reversed—a deflationary policy has been succeeded by an inflationary one.

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BUSINESS WEEK

MAY 28, 1938

Arnold's Anti-Trust Strategy

His prosecutions of Aluminum Co., Ethyl Gasoline, and auto and finance companies are partly intended for effect on public opinion and Congress.

WASHINGTON (Business Week Bureau) —Tell it to the judge. This is the anti-trust enforcement policy asserted by Thurman Arnold, assistant attorney general, as his legal battery tunes up for trial of the government's cases against the Aluminum Co. of America and the Ethyl Gasoline Corp. The Aluminum case resumes June 1 and the Ethyl case comes up June 9 in New York.

Arnold's policy of straightforward criminal prosecution applies immediately to the automobile finance investigation in which the government this week began presentation to a grand

jury that presented to a grand jury at Milwaukee last December when Judge Geiger discharged the jury and rebuked the Department of Justice for dickering with defendants for a consent decree while seeking a criminal indictment. Administration lawyers were much offended. They talked about impeaching the stiff-necked judge but nothing came of it.

Policy on Proceedings

In line with the newly adopted practice of utilizing prosecution of particular cases to explain the department's anti-trust policy, Prof. Arnold defends concurrent use of civil and criminal action on which it was slapped down by Judge Geiger. In future, however, the department will not seek to force consent decrees by holding over defendants the threat of criminal indictment (BW—May 21 '38, p. 6). Defendants voluntarily may come forward at any stage in a criminal proceeding with proposals for a "practical solution." The department in turn will submit such proposals to the judge to decide whether a *nolle prosequere* is justified in the public interest. If, as in Milwaukee, the proceeding is still pending before a grand jury which has not yet returned indictments, the proposal will be turned over to the jury for consideration in connection with the evidence presented by the D.J.

Government Rejects Proposal

After the government was thrown out of court at Milwaukee, negotiations with the motor companies (except General Motors and G.M.A.C., which have held aloof) for a consent decree continued, and did not finally blow up until last week when the department rejected a draft proffered by William Stanley, who, with Donald Richberg, is retained by C.I.T. Stanley is a smart lawyer who knows his way around in Washington and at present is on the Justice Department's payroll for \$8,500 as special assistant attorney general handling the two Astor cases involving \$20,000,000 in estate taxes now on appeal to the Circuit Court in New York.

The consent decree that Stanley proposed would have required all auto-



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BROTHER-IN-LAW—To close the gap between Detroit and Washington appeared G. Hall Roosevelt, but the automobile finance case still goes on.

mobile finance companies to submit to the jurisdiction of the court and subscribe to a document that by its terms would reserve to the automobile manufacturers the right to fix both the terms and rates of financing sales. By another provision the manufacturers would be prohibited from subsidizing any finance company unless a competitor shall directly or indirectly subsidize a finance company. Independent discount companies which brought the original complaint to the D.J. saw the proposed decree as a clever dodge by the big shots to utilize the anti-trust proceedings to freeze them out of business. Nor did the agreement which defendants offered impress the department as its idea of, in Arnold's words, "a practical solution which is of major and immediate benefit to the industry, to competitors, and to the public and which goes beyond any results which may be expected in the criminal proceeding."

Auto Finance Case Opened

The criminal case opened in South Bend Monday with Russell Hardy battling for the government. Hardy is a crackerjack trial lawyer who polled a vote of 20 to 9 in the Milwaukee grand jury last winter. Since then Chrysler has canceled its contract with Commercial Credit and also sold a stock interest of 55,000 shares in the finance company.

The South Bend courtroom lies at



Underwood & Underwood

SON—For the Aluminum Company of America appears Charles Evans Hughes, Jr., in a case that may eventually reach his father's High Court.

jury in District Judge Thomas W. Slick's court at South Bend, Ind., of evidence against General Motors, Chrysler, Ford, and affiliated finance companies—General Motors Acceptance Corp., Commercial Credit, Commercial Investment Trust and Universal Credit, a C.I.T. subsidiary of which Ernest Kanzler, Edsel Ford's brother-in-law, is president.

The companies are charged with coercing dealers to finance sale of cars only through the associated companies. The evidence is much the same as

Super-Salesman



George W. Mason, president of Nash-Kelvinator Corp., made 14 "cold canvass" calls, turned in three Kelvinator prospects on the first day of a Lincoln, Neb., test of his plan to enlist all salesmen of all products in a crusade to sell our way out of depression.

the end of a devious trail for the defendants. They have arrived there only after G. Hall Roosevelt, a Detroit engineer and brother of Mrs. Roosevelt, and Donald Richberg exerted friendly efforts in their behalf. Month in and month out Richberg talked cooperation of industry and government. Rather convincing, some people thought, and President Roosevelt leaned that way for a while. The motor and financing magnates—Knudsen of General Motors, Shuman of G.M.A.C., Keller and Hutchinson of Chrysler, Edsel Ford, Irtelson of C.I.T., and Duncan of Commercial Credit—came to Washington for a White House conference during this period. Hall Roosevelt's solicitous intervention finally brought Ford himself to Washington to eat the White House salt—all to no avail.

It's not hard to see, however, that for all the zeal that Prof. Arnold brings to his job, anti-trust enforcement doesn't begin or end in the Department of Justice, nor necessarily conform to the policy he aims to pursue in future.

Aluminum Co. in Court Again

After being in and out of the courts for 30 years, the Aluminum Co. is in again. The Baush Machine Tool case, which lasted seven years and in which Homer Cummings, the present attorney general, first crossed swords with the corporation, was settled out of court in 1935 (BW—Dec 7 '35, p 20). Younger

bloods will try to add to their laurels in the suit now being tried. Walter L. Rice, who heads counsel for the government, is a youngish chap, sociable, but a veteran in the Department of Justice who tried the Sugar Institute case and was attorney for the government in the first NRA chicken case which later went to the Supreme Court. Facing him is William Watson Smith, the scholarly and eloquent Pittsburgh lawyer who has fought the Aluminum Co.'s battles for the past 25 years. Associated with him are Charles Evans Hughes, Jr., and a dozen others whose hair will probably be white in the service of the corporation before it is ever dismembered by the government.

Aims at Economic Benefits

Prof. Arnold maintains that he's not so much interested in proving violations of the anti-trust laws as in attaining beneficial economic results. If he loses in court or gets an ineffectual decree—if, in other words, monopoly is impregnable—he hopes and intends that Congress shall pick up where he leaves off. His policy of prosecution is directed to that end and has in it the possibility of a disconcerting eventuality. The aluminum industry, for instance, may be dubbed a public utility and regulated as such by the government.

There's more than a supposition that Prof. Arnold regards the anti-trust laws as the root stock for grafting on amendments one by one, industry by industry, as a deliberately directed, carefully calculated prosecuting policy demonstrates just where and how the present anti-trust laws fail to get results which effectively serve the public interest.

Backed in "Education" Drive

Prof. Arnold is going at it slowly. He's not going to bite off more than he can chew but he expects to hang on—hang on at least until someone pulls him off. He's had worthy predecessors who tackled the anti-trust job bravely for a year or two and went their way disillusioned. But the new assistant attorney general is no cream puff and right now he has the support of Cummings and the President in a campaign of "education" for drilling into the public consciousness and Congress the necessity for revising the anti-trust laws to maintain them as a living organism which keeps abreast of the constant growth and changing characteristics of industry.

The pending case against Ethyl Gas Corp. serves Arnold's purpose admirably. He cites Ethyl's alleged practices as an example of abuse of patent rights. Ethyl, he says, has acquired arbitrary control of the price of "Q" gasoline by a licensing system that

embraces refiners, wholesalers, and retail dealers. Maybe the upshot will be amendment of the patent laws—that is at least a possibility. If the Department of Justice doesn't get by court decree what it regards as an adequate remedy for the present situation.

Like the automobile finance investigation, the Ethyl case was litigated by rambunctious independents. This is a civil, not a criminal, case that will be argued mainly on facts stipulated by opposed counsel.

Government's counsel comprise the same bunch that won indictment of Standard Oil of Indiana and other Midwestern oil companies at Madison, Wis., on Dec. 22, 1936, for their buying pool operations. John Henry Lewin is a clever trial lawyer whose scornful, browbeating arrogance makes witnesses claw the air. His associate, Hammond E. Chaffetz, is the scholar and perfect gentleman. He practically clicks his heels in addressing the bench.

Oil Defendants Make Offers

The 14 oil companies and 11 executives awaiting trial on the second indictment returned at Madison in the petroleum case decided this week to enter pleas of *nolo contendere* and to pay maximum fines and costs totaling \$400,000. The Justice Department, which announced the defendants' decision, apparently ending the historic case, said the offers were acceptable if approved by the court. The offers will be submitted to Judge Stone June 2. Judge Stone had not yet ruled on the defendants' previous motion to set aside the verdict that on Jan. 2 this year followed trial on the first indictment returned in 1936.

Assistant Attorney General Arnold's office is a busy place but he doesn't have time to get much work done as various groups of business men seek audience for the purpose of sizing up this outspoken anti-trust crusader and to sift rumors that he intends to crack down on one or another of them. In the past most anti-trust investigations that have been carried into court resulted from the never-say-die persistence of organized independents in various industries, such as the American Finance Conference in the auto financing case, and the National Oil Marketers Association, which put the big refiners in the doghouse at Madison.

Prof. Arnold's door is open to anybody who has a squawk. Secretary of Agriculture Wallace recently has been yipping about the high price of bread but it seems to be a dud so far as stirring up the citizenry is concerned and the assistant attorney general doesn't intend to go off half-cocked. Neither his staff nor his budget is as large as a tenth part of the legal departments of the big corporations with which the government comes to grips.

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ROAD B tives in Mexico

Mexican Troubles Retard Trade

Sales will get worse before they get better, say U.S. firms doing business there. Situation presents problems for executives.

BUSINESS is going to be worse in Mexico before it is better. This is the consensus of opinion among business leaders who replied to a survey made by *Business Week*. All of the executives who replied sell to Mexico or have some direct interest in the outcome of the present troubled situation south of the Rio Grande.

Data from Companies

Business Week asked five questions:

1. Are you shipping into Mexico now, or awaiting the lower tariff rates promised by Mexican officials? Without exception, the firms replying are continuing to ship to Mexico.
2. Do you expect that the bill, reported to be before the Mexican congress, to reduce tariffs to levels of last December or lower, will be passed? Opinion was about evenly divided on this, though several executives were skeptical of Mexico's ability to reduce tariffs, whatever its desire might be, in view of the need for every possible source of revenue just now.
3. Have your clients curtailed orders seriously because of recent business unsettlement? 70% of the companies responding to the survey said their orders had been curtailed by the disturbances of the last few months.
4. Are collections in Mexico appreciably tighter in recent months? 70% of the replies said that they were

tighter, but several executives pointed out that the transfer of foreign exchange is more of a problem than collections from clients in Mexico.

5. Do you look for improvement, or a further decline in Mexican business in the next six months? With only two exceptions, every company looks for a further decline in business before there is any improvement.

Since the survey was mailed, *Business Week* has received word from Mexico that the bills for reduction of Mexican import duties from the present high levels, which have been in effect since May 1, have been presented to congress. Of the 218 items on which duties were raised by the recent emergency decree, 166 would be returned to the levels of last year, and 41 others would be reduced, though not to the previous rates.

Fighting Brings New Worries

The outbreak of fighting between the Cardenas government and the Cedillo rebels this week has cast fresh gloom over the business outlook. Few observers believe that Cedillo can win, or even carry on a protracted struggle, but as long as two armies are in the field there is always the possibility of a real revolution, with the whole country taking sides.

It is generally believed by most business leaders familiar with Mexico

that the extreme demands of the labor organizations during the last few months go far beyond what the Cardenas government would have made, at least for some time. Mexico's major problem, after all, is the working out of the farm problem—the breaking up of the great estates and parceling of land among the workers. There are seven farmers for every industrial worker in Mexico, and yet these industrial workers are the ones who have put the pressure on the government to speed up its revolutionary program.

Government Financing Vital

Considerable progress has been made on the farm program, but further development depends importantly on government financing, both of large-scale projects and of individual farmers. Government revenue comes largely from industry and, recently, from tourists. If the present alarm continues for long, it will seriously jeopardize the income from both and, ultimately, the very farm program on which the Cardenas government has staked its life.

These problems account for the serious uncertainty of executives doing business with Mexico now.

"Fair Trade" Lobby

Organized independents are discomfited by Connecticut grand jury's report.

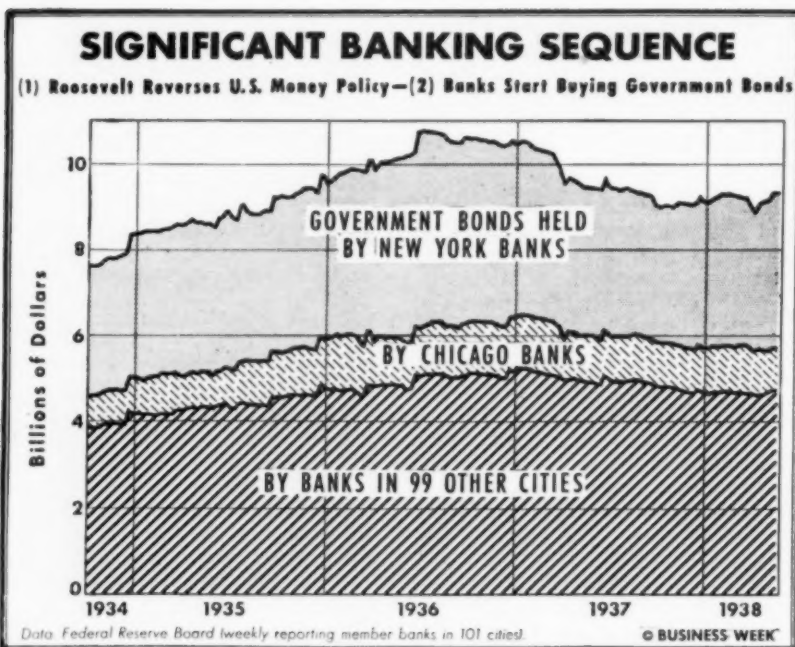
ORGANIZED independent tradesmen this week weren't so proud as they once were of their successful drive to secure state laws to provide for resale price maintenance (the "fair trade"



ROAD BACK FROM MEXICO—American consular representatives in Mexico City, San Luis Potosi, and other places in Mexico have advised tourists to leave the country because of

the present disturbances, and many have done so. Soldiers accompany all trains, and the garrisons along the Laredo-Mexico City highway have been increased.

Wide World



ON April 14, President Roosevelt reversed the federal government's policy. "Control the boom" changed to "restart recovery." Reserve requirements of Federal Reserve member banks were reduced and \$1,400,000,000 of sterile gold was reincorporated in the country's credit base (*BW*—Apr 16 '38, p13).

The effects are now beginning to show in the banking statistics—if not in the business indexes. Since April 30, there has been a small, but discernible, increase in government bond holdings of reporting member banks in 101 cities. With idle reserves increased, bankers presumably decided it was high time to put their money to work—at interest.

laws), to prohibit price-cutting (the unfair trade practice acts), and generally to restrict their big competitors.

In fact, the independents were discomfited by the prospect that disclosures of their lobbying in the Connecticut legislature might bring their activities throughout the nation under the non-too-friendly scrutiny of the new assistant attorney general in charge of anti-trust law enforcement—Thurman W. Arnold, whose cracks about resale price-fixing were being passed down the grapevine this week.

Grand Jury's Report

The Connecticut disclosures were contained in the report of the Waterbury grand jury, which last week charged Mayor T. Frank Hayes, former City Comptroller Daniel J. Leary, and two dozen others with "conspiracy to cheat and defraud the city of large sums in excess of a million dollars." Touching on the independents' lobbying, the report says:

"Among the bills in which Comptroller Leary had personally more than an ordinary interest was the so-

New York institutions have been leading the government bond-buying parade. Which is significant, for New York bankers initiated the "sell-governments" drive which began in the summer of 1936. That liquidation checked the rise in the bond market and tended to deflate credit and bank deposits.

Now, if banks resume purchases of government bonds, it may prove to be an important forerunner of a reversal in the bank deposit trend, which would eventually find reflection in business statistics. Business is not likely to remain long on a dead center, if bank deposits take a decisive upward turn and keep going up.

called fair trade bill. He gave active support to this bill, presumably because of his private business interests such as the Waterbury Brewing Co., the Diamond Ginger Ale Co., and his purported chain store interests. From the evidence presented to this grand jury, it is reasonable to believe that the large sums of money paid to Charles E. Williamson [attorney of Darien, Conn.] and Harry E. Mackenzie [a lieutenant of the late Republican leader, J. Henry Roraback] by the city of Waterbury in 1937 were in part, at least, designed by Comptroller Leary to secure the influence and support of these political leaders in affecting the passage of this bill.

"This fair trade bill had also as a particular sponsor the Retail Druggists Association. This association, through solicitations from its members, collected a fund of approximately \$13,000, practically all of which was spent in the 1937 session in securing the passage of the Fair Trade Act. Of this sum, approximately \$6,000 was paid to Charles E. Williamson who divided it equally with Harry E. Mackenzie.

"During both sessions (1935 and 1937) he (Mackenzie) was active in behalf of the Druggists Association and at the same time was receiving a salary of \$3,900 a year from McKesson & Robbins Co., plus an expense account of approximately \$3,000.

"An apparent evil attending each session of the general assembly has been the operations of the paid lobbyist who, concealing his financial interest in the passage or defeat of legislation, secures the end for which he is employed through the exertion of his political influence. In practically every case, apparently, the secret lobbyist demands and receives fees far out of proportion to the reasonable value of the services rendered. The activities of the paid lobbyist of this kind, as they have been revealed in this investigation, are a real hindrance to the enactment of legislation designed for the general welfare of the state."

I.C. Shifts Directors

Midwesterners and southerners take easterners.

WHEN the Illinois Central Railroad Co. early this year announced that it would shift its board meetings from 32 Nassau Street in the New York financial district to the company's lake-front station in Chicago, enlarge the board from 12 to 15 members, and elect new members from the territory served by the company's lines, close followers of railroad finance observed that the plan was a public relations move and that shifting board meetings from New York to Chicago didn't shift control from East to West (*BW*—Mar 12 '37, p46). So it is, and so it doesn't. But at the annual stockholders' meeting in Chicago last week, the plan's public relations value was pretty definitely proved.

One thing that served to prove it was the (publicly) unexpected resignations of five Eastern directors, and the election of Middle Western and Southern men to succeed them, making a total of seven new directors for the territory served by the company's lines.

These are Gen. R. E. Wood, Chicago, president of Sears, Roebuck & Co., and W. R. King, Memphis, president of the William R. Moore Dry Goods Co. (five-year terms); Thomas E. Wilson, Chicago, board chairman of Wilson & Co., meat-packers, and A. D. Geoghegan, New Orleans, president of the Wesson Oil & Snowdrift Co., four years; John L. Bevan, Chicago, senior vice-president of the Illinois Central, two years; and James Norris, Chicago, president and treasurer of the Norris Grain Co., and C. W. Gaylord, St. Louis, president of the Gaylord Container Corp., one year.

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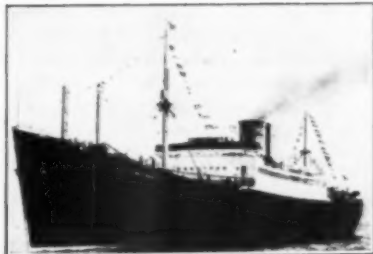
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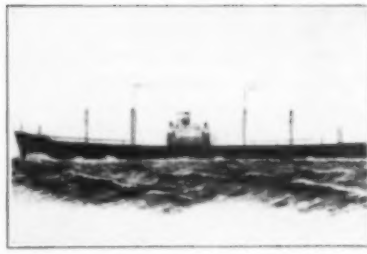
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PANAMA PACIFIC has three boats like the *California* shown above. Each is 613 ft. long, has a displacement of 34,000 tons, a speed of 17½ knots, and accommodations for 650 passengers.



BALTIMORE MAIL has five boats like the *City of Baltimore*. Each is 506 ft. long, has a displacement of 13,500 tons, a speed of 16 knots, and accommodations for 83 passengers.



THE MARITIME COMMISSION promises boats like the one above for the Atlantic service. Length, 413 ft.; displacement, 13,900 tons; speed, 15½ knots; accommodations for only 12 passengers.

U. S. Ship Program Speeds Up

Maritime Commission solves hard problems and will soon reallocate well-known ships. Plans new contracts for \$75,000,000 of shipbuilding.

BUSINESS can now expect Washington's shipping program to go ahead with considerably more speed than during the last six months. Some of the knottiest of the reorganization problems have been solved during the last few weeks; the reallocation of some of the country's best-known vessels will soon be formally announced and contracts for another \$75,000,000 worth of ships—in addition to \$75,000,000 already placed by the new Maritime Commission—are promised before the end of the year.

Reshuffling of existing boats and services started some time ago. Acting under powers granted early this month, the Maritime Commission foreclosed a mortgage on the Munson Line's *Southern Cross*, when it arrived at New York from Buenos Aires, and expects to push claims against the line's other three vessels—*Western World*, *Pan America*, *American Legion*—when they return from their present trips down South America's east coast. No one will at present volunteer more than a guess about their future, but shippers believe they may be operated by the receivers until other boats are ready to enter the service, and then assigned to new routes.

Program for Luxury Liners

In the meantime, the three Panama Pacific luxury liners—*California*, *Virginia*, *Pennsylvania*—which were the largest merchant ships built in the United States at the time they entered service in 1929, were discontinued on their New York-San Francisco run when their subsidy was not renewed. They are now tied up in New York.

The Maritime Commission has not yet definitely announced that these three ships will be placed in the east

coast of South America service in place of the old Munson liners, but it is generally known that this is the plan. Bids have been asked, for June 7, for reconditioning the liners and fitting them out more sumptuously to compete in luxury with the liners which European countries operate in their South American service. There is little question that the International Mercantile Marine Co., at its stockholders' meeting, will vote to sell the liners to the Maritime Commission to settle the mortgage it holds on them.

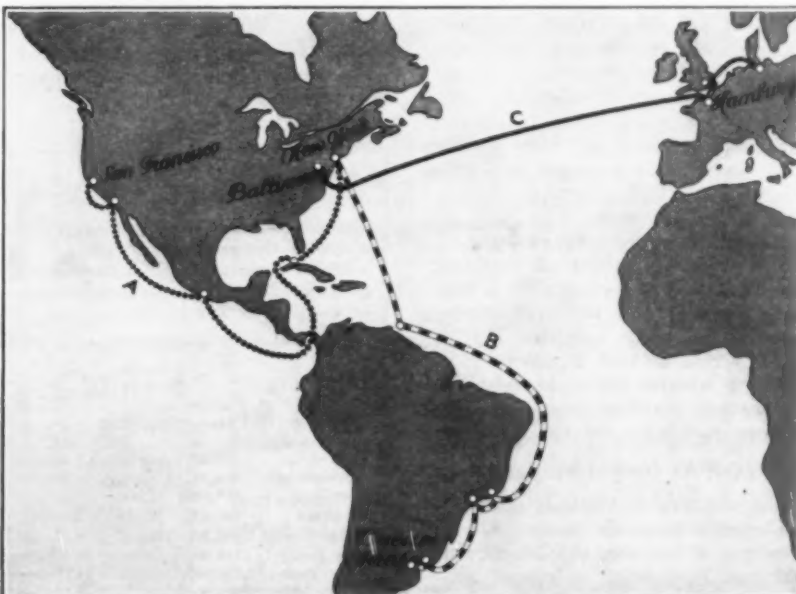
The three former Panama Pacific liners which are expected to enter the South American service before the end of the summer do not compare in size or speed with many of the transat-

lantic liners familiar to New York, but they will be able to hold their own with most of the European liners coming into South American ports. Though they have only a little more than half the tonnage of the big Italian liner *Augustus*, which sails regularly between Italy and South America, there are only four other European ships which have a greater tonnage than these vessels.

Other Boats to Be Shifted

Another well-known Atlantic line is affected by the reshuffle. The seven-year-old Baltimore Mail Line, which has operated from Chesapeake Bay ports to northern Europe, is terminating its service with the sailing of the *City of Hamburg* on May 26 from Baltimore, and before the ship returns from this voyage it is expected that the five vessels in this service will be assigned to the old Panama Pacific route between New York and California ports.

The Baltimore Mail boats find it



RESHUFFLING THE SHIP LINES—The three modern Panama Pacific liners are being transferred by the Maritime Commission from route A to B; the five Baltimore Mail boats from route C to A; and the new cargo boats now under construction will be placed in the transatlantic service (C).

impossible to continue in the transatlantic service on a subsidy of only \$470,000, compared with the \$1,200,000 which had been provided under the former mail subsidy system. Though they are not as fast as the Panama Pacific liners, the five boats can provide more frequent service; they will pay only a fraction of the \$26,000 toll which the big *California*-type vessels paid each time they passed through the Panama Canal; and, though they are much smaller ships, they have only 20% less freight capacity than the Panama Pacific liners, which had rather elaborate accommodations to carry 650 passengers, compared with the 83 carried on the Baltimore Mail boats. It is this loss of lucrative tourist traffic which is now causing the loudest protest from the West Coast.

Chesapeake Bay ports are still protesting the loss of the Baltimore Mail Line boats, but the Maritime Commission has promised to solve this

problem by substituting some of the fast new freighters which have already been ordered. These new 15½-knot freighters, known as the C-2 model, will be built by the government and chartered to operators.

Plan Better Pacific Service

Dollar Line troubles have evidently been ironed out too, and the commission is prepared to announce a permanent subsidy for the line, which will provide for the building of several new vessels for the Pacific service which will be able to compete with the faster liners now under construction by Japan, and for several smaller boats to modernize the round-the-world services.

Rear Admiral Emory S. Land, chairman of the Maritime Commission, declared on Maritime Day (May 23) that a program has been started to build 24 vessels, at a cost of \$100,000,000, for the rehabilitation of Pacific Coast shipping.

statistics was too great or some of the material asked for in the questionnaire was unavailable. Even so, the *Business Week* sample is broad and representative.

It covers nine of the 21 states which initiated payments this year. Three of the states can be classified as leading industrial areas—New York, Massachusetts and California. Only Pennsylvania, among the major industrial commonwealths, is missing. (Illinois, Michigan and Ohio have not as yet begun making distributions.)

Although no exact statement can be made, it is probable that the nine states which supplied information encompass about 40% of the country's unemployment insurance operations. And the scope of those operations, when related to the 48,000,000 or so workers in the country, or the \$41,000,000,000 paid out in wages and salaries in 1937, is hardly imposing.

Sizing Up Operations

Only 8,565,000 workers in the nine states are covered by unemployment insurance—less than 20% of the total workers in the country. And of that number but 857,000 were entitled to benefits in the first quarter (and remember, there are more than 10,000,000 unemployed in the United States). Moreover, the actual cash distributed—\$35,000,000—was small relative to the estimated \$10,000,000,000 paid in salaries and wages in the first three months of this year. It's about half of what Secretary of Agriculture Wallace used in April alone to carry on the federal farm program.

Those nine states, moreover—big and important as they are—are currently carrying only 455,000 workers on their benefit rolls (see table). Weekly disbursements are running between \$4,800,000 and \$4,900,000—less than the average weekly payroll (\$5,366,000) of General Motors Corp. dur-

Unemployment Insurance Test

***Business Week* survey explodes any hope that benefit payments will be a substantial supplement to purchasing power during periods of industrial instability.**

WHEN 21 states and the District of Columbia started paying unemployment insurance benefits early this year (*BW*—Jan 1 '38, p. 21), an untried social experiment got its baptism of fire under devilishly inauspicious circumstances.

At the outset there was a terrific clerical problem complicated by the fact that industrial activity had just taken a sheer drop of some 30% from its high levels of late summer. Unemployment was rapidly increasing and payrolls were rapidly shrinking. Consequently: applications for benefits were heavier than expected and contributions into state reserve funds were smaller than expected.

Today, after some five months of actual experience, about all that can be said is that the experiment is still an experiment. An exclusive survey by *Business Week* indicates that a longer period of trial is necessary to establish whether unemployment insurance is a practical means of tiding workers over industrial crises.

Indicated As Only a Stopgap

However, one fact stands out: Unemployment insurance, at best, is only a stopgap. It can only supplement federal and local relief, it cannot supplant it. The *Business Week* survey explodes any hopes that unemployment insurance will be a substantial supplement to consumer purchasing

power during periods of industrial instability. The figures are just not large enough—either in the breadth of coverage or the amounts distributed.

By no means is the *Business Week* study complete. In the first place, some states do not begin paying benefits until 1939. Hence, unemployment insurance as a full-blown economic entity will not be in operation for another year. In the second place, all states which began making payments this year have not been heard from. Either the task of getting up the

Checking Up on Benefit Payments to Jobless

Business Week's exclusive survey of operations in nine states indicates the scope of the experiment which began this year by showing (1) number of workers covered (2) number who benefited and cash they received in first quarter (3) number still drawing benefits on latest date and weekly amount of cash going out to them.

| State | Workers Covered | Beneficiaries in First Quarter | Total Benefits Paid | | Number Currently on Benefit Rolls | Latest Total Weekly Benefits | |
|---------------|-----------------|--------------------------------|---------------------|-----------------|-----------------------------------|------------------------------|------------|
| | | | Amount | Period Covered | | Amount | Week Ended |
| California | 1,325,000 | 94,000 | \$2,910,000 | Feb. 12—Mar. 31 | 61,000 | \$583,000 | Mar. 25 |
| Connecticut | 450,000 | 65,500 | 3,871,000 | Jan. 23—Apr. 2 | 39,000 | 630,000 | Apr. 2 |
| Louisiana | 350,000 | 16,000 | 340,000 | Jan. 23—Mar. 31 | 15,000 | 83,000 | May 7 |
| Maryland | 400,000 | 59,000 | 2,400,000 | Jan. 23—Mar. 31 | 35,000 | 362,000 | Mar. 26 |
| Massachusetts | 1,250,000 | 110,000 | 5,672,000 | Jan. 30—Mar. 31 | 45,000 | 491,000 | Mar. 26 |
| New Hamp. | 115,000 | 14,000 | 781,000 | Jan. 30—Apr. 9 | 10,500 | 98,000 | Apr. 9 |
| New York | 3,700,000 | 380,000 | 13,850,000 | Jan. 23—Mar. 31 | 175,000 | 2,000,000 | Apr. 14 |
| Rhode Island | 225,000 | 68,500 | 3,155,000 | Jan. 30—Apr. 2 | 50,000 | 406,000 | Apr. 2 |
| Texas | 750,000 | 50,000 | 1,200,000 | Jan. 23—Mar. 31 | 23,000 | 168,000 | Mar. 26 |
| Total | 8,565,000 | 857,000 | \$34,179,000 | | 455,500 | \$4,821,000 | |

How COMPTOMETER Serves The Timken Roller Bearing Co.

When you travel by train, plane, automobile or elevator, chances are that Timken Tapered Roller Bearings are involved. For friction is Industrial Enemy Number 1—and Timken Bearings help Industry banish friction.

Small wonder that The Timken Roller Bearing Company, respectful of efficiency and modern methods, uses both Standard Model J and Electric Model K Comptometers to handle its figure work.

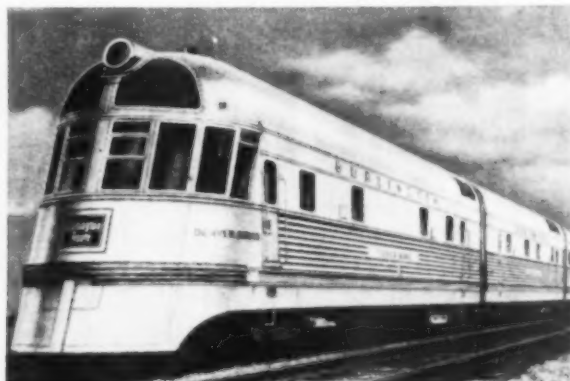
The Timken Company is proud of the durability of its products, appreciates the durability and dependability of the Comptometer which has given it years of service with a minimum of repair cost.



Airy, well-lighted rooms contribute to Comptometer efficiency. Here is one of The Timken Company's Comptometer batteries, producing vital figure work quickly and accurately at low cost. The Controlled-Key, exclusive Comptometer feature which eliminates "fumbled" key strokes, helps these trained operators maintain highest degree of first-time accuracy.



The Electric Model K Comptometer shown above compiles statistics on the production of Timken Seamless Tubing under the able fingers of Miss Jane Swan.



Timken Bearings contribute to the speed and comfort of the Burlington "Zephyr" trains. Both The Timken Roller Bearing Company and the Burlington Railroad use the Comptometer for efficient, economical handling of vital figure work.

If you recognize the importance of figure-work efficiency to the profitable conduct of your business, permit us to show you how Comptometer methods save precious minutes and money for progressive concerns in every industrial field. Simply telephone your local Comptometer representative, or write direct to the Felt & Tarrant Mfg. Co., 1733 N. Paulina Street, Chicago, Ill.

COMPTOMETER

Reg. U. S. Pat. Off.

ing the dolorous first quarter of this year.

Relief agencies have discovered definitely that unemployment insurance falls short of taking a load off their shoulders. Unemployment insurance tends to keep persons off relief, rather than to take them off. Before one becomes eligible for unemployment insurance, he must first have worked for a considerable length of time—but most of those on relief have already been out of work for some time, hence would not be eligible for unemployment benefits anyway.

Georgia Widens Benefit Scope

Some states, to shift burdens, have revised unemployment insurance laws. Georgia, for instance, amended its statute to speed benefits so as to relieve relief agencies. Georgia also provided compensation for seasonal workers to make them eligible for benefits, thus widening the periphery of unemployment insurance there.

From the start seasonal unemployment has been a touchy problem.

It was close to its maximum when benefits began, and many state boards had to make fine distinctions in a hurry to determine what constitutes (1) a seasonal layoff and (2) permanent loss of a job.

The fact that unemployment insurance was born in a depression has been a great handicap. The immediate problem was to register an unexpectedly large number of applicants and claims; to compute weekly benefits (by complex mathematical formulas—in most states), and to get checks in the mail. The chore was tremendous, primarily because unemployment insurance was so new and employers and employees were innocent of their responsibilities.

For instance, some employers had failed to keep records of wages and salaries, which sent unemployment insurance investigators around in circles trying to check up on claims. Again, employees did not know their own registration numbers, which resulted in long delays in checking up on them. Finally, the unemployment commis-

sions hardly measured up to industrial standards of administrative genius. Clerical help was untrained and executives were in some cases inexperienced.

Big Load Comes at Start

By the end of March, however, most of the states had got a routine established; applications were coming in and checks going out on the chain-belt principle of production. That was partly because of increased efficiency, but largely because the hump had been over by the middle of February after the initial impouring of applications. The big load came at the start, when unemployed workers had completed their waiting periods (the interim between loss of job and right to apply for benefits). By the beginning of March, applications were tending to decline, and by the end of the month both the number of persons on the active rolls and the amount of cash being distributed was falling off slightly.

For the future of unemployment insurance, this trend is particularly significant. If applications continue to level off and benefits being paid tend to decline, the probability is that most states will be able to withstand the present strain on their unemployment insurance reserves.

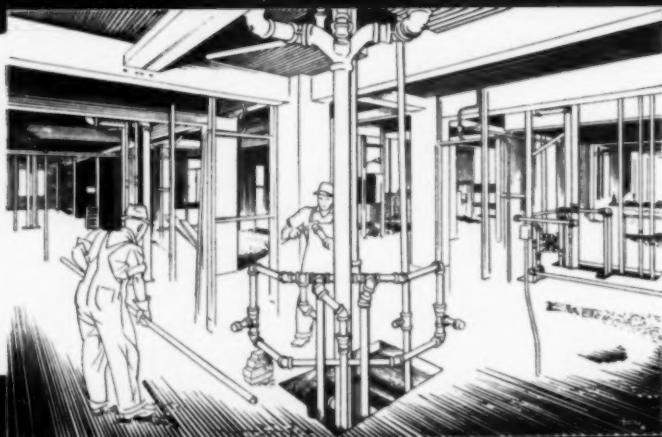
It hinges on whether (a) benefits take a jump and (b) the contributions by employers (taxes) unceremoniously fall off. Some of the states have been operating in the red, which has not been too encouraging. This was characteristic of funds in the New England states, where the depression hit particularly hard. The saving grace is that benefits have been declining. This has not been because unemployment was decreasing particularly, but rather because individual benefits were being exhausted.

Depends on Business Conditions

If industrial activity shrinks anew, the solvency of many funds may be called into question. New York state, for instance, has estimated that under current conditions benefits this year will amount to \$80,000,000 and receipts will come to \$100,000,000. That would put the state on a comfortable pay-as-it-goes basis. But should industrial conditions take a turn for the worse, the commission could hardly be so sanguine.

The point is that the position of any state unemployment fund is dynamic, rather than static. And though *Business Week's* survey exposes no special reason to anticipate trouble, there is still reason to contemplate the possibility. It's all a matter of business—whether the depression drags along and aggravates the drain or recovery comes along and relieves it.

COSTS LESS BECAUSE IT LASTS LONGER



in Plumbing and Heating Systems WROUGHT IRON PIPE

● Before you approve installation of water supply, drainage, heating or power lines, have your engineers consider the long performance record of wrought iron in these services—both above and below ground. Because of its ability to resist corrosion, Byers Wrought Iron avoids wasteful, premature failures—frequent, costly repairs—and un-

necessary shut-downs. Write us for assistance in determining your building's corrosive conditions. Also send for our new booklet "Wrought Iron for Piping Systems." A. M. Byers Company. Established 1864. Pittsburgh, Boston, New York, Philadelphia, Washington, Chicago, St. Louis,

Houston, Seattle, San Francisco.

BYERS

GENUINE WROUGHT IRON TUBULAR AND FLAT ROLLED PRODUCTS
Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements

OLD FAITHFUL BOILS OVER

*—but it's far hotter
inside most truck tires*

**That's why tires fail . . . that's why
Goodrich built a new tire that does
NOT get dangerously hot**

That world-famous geyser, Yellowstone's Old Faithful, goes on a rampage once an hour. Spouts tons of water into the air. Water steaming hot! But it's cool compared to the temperatures generated inside most truck tires!

Groaning under heavy loads and high speeds, tires get sizzling hot—reach temperatures 70-80-90 degrees above the boiling point of water! Engineers will tell you that the danger line is about 240 degrees. Higher sustained temperatures make tires "grow", cause blow-outs, premature failures.

NEW TIRE RUNS COOLER

Avoid the risks of heat-speed-load blow-outs. Get the new Goodrich Triple Protected Silvertown. This amazing new tire is scientifically designed to run COOLER SAFER, and therefore LONGER.

How much safer and longer? To find out, Goodrich punished this new Silvertown on the worst "tire-killer" hauls in the land. And in every test it lasted two and even three times longer than the best tires used before.

USE NEW KIND OF CORD

Such performance is made possible by a revolutionary new type of cord produced in Goodrich-owned mills. This cord, Hi-Flex, is more compact, stronger, more elastic. It is floated, friction-free, in a thick bed of insulating rubber. Hi-Flex Cord can take the hammering of the highway without losing its strength and elasticity. It doesn't lose its "life", its "spring". That's why the tire does not "grow" and become "flabby".

Because Hi-Flex provides strength without bulk the whole tire is more compact. It runs COOLER.

EXCLUSIVE WITH GOODRICH

Only Goodrich offers you Hi-Flex Cord, and only Goodrich offers you this money-saving combination:

- 1 **PLYFLEX**—a tough outer ply which distributes stresses throughout the tire and prevents local weakness.
- 2 **PLY-LOCK**—a new method of locking the plies about the beads, anchoring them in place.
- 3 **HI-FLEX CORD**—full-floated in live rubber—cord that retains its strength and protects the tire against getting dangerously hot.

No wonder we can say that sidewall breaks are practically eliminated with Goodrich Silvertowns!

NO EXTRA COST

Put these tires on your trucks and you don't have to worry about peak loads and high speeds. You can handle any haul safer and cheaper. And remember—you will get premium tire mileage without paying a premium price.

Phone a Goodrich Dealer or Goodrich Silvertown Store for prices.



Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

"HOW DRY I AM!"



WHY A LOT OF OTHERWISE GOOD
CONCRETE ISN'T WATERTIGHT

HOW 'INCOR' 24-HOUR CEMENT MAKES IT EASIER
TO GET CONCRETE THAT KEEPS WATER IN OR OUT

"HOW Dry I Am" is the theme song of a lot of good concrete that never has a chance—simply because it isn't kept wet until thoroughly cured. Here's what that means:

To be strong, dense and watertight, well-made concrete has to be kept wet, that is, cured, for 7 to 10 days. But that is too long for many jobs—the concrete has to be used sooner; so curing stops too soon. Which is why 'Incor' 24-Hour Cement makes it much easier to get watertight concrete. Reason:

'Incor' combines with water 5 times as fast; that means watertight curing in 24 to 48 hours, instead of 7 to 10 days;

quick, easy, certain—'Incor' helps assure strong, dense, watertight concrete. Following example illustrates nation-wide trend to 'Incor':

Fish Hatchery (shown above) near Walhalla, S. C., had to be watertight. Using 'Incor' 24-Hour Cement, concrete poured one day was service strong the next; that meant faster form re-use. And thoroughly cured, watertight concrete was secured in a fraction of the usual time.

Write for illustrated book, "Watertight Concrete." Lone Star Cement Corporation, Room 2294, 342 Madison Avenue, New York. *Reg. U. S. Pat. Off.

LONE STAR CEMENT CORPORATION

MAKERS OF LONE STAR CEMENT... 'INCOR' 24-HOUR CEMENT

MARKETING ANGLES

FTC cites Ponds . . . Tasing supermarkets . . . New York City tax on publishers

The Federal Trade Commission this week continued its campaign against cosmetic advertising (*BW—Nov 27, p 19*), served a complaint against Ponds Extract Co., charging unfair competition in the sale of cosmetics, violation of the Federal Trade Commission Act. Ponds' representations that its Cold Cream stirred the skin to vigorous action, its Vanishing Cream melted away dead cells, its Danya Cream Lotion furnished skin vitamins were held by the Commission to be exaggerated and misleading. The Commission also clamped down on another cosmetic house this week, ordered Colonial Dames, Inc., of Hollywood, Calif., to stop calling its massage cream a skin rejuvenator or a skin food.

Is a retailer selling an article below the minimum resale price established by a fair trade contract when he gives out coupons with sales of the article? That question will be decided in a test case brought by Reinhard Bros., retail cigar store in New York City, against D. A. Schulte, Inc. in New York this week. This is the first test of the legality of the cigar store coupon under fair-trade, as such is being eagerly watched by small retailers.

The expected march to supermarket taxes, in the wake of the Camden, N. J., annual levy of \$10,000 per supermarket (*BW—Apr 23, p 16*) was on last week. Three other Jersey towns were mulling over similar proposals. In Bridgeton and Hamilton Township spirited opposition from consumers and labor unions kept the ordinances from passing. Atlantic City, however, put through a \$5,000 annual license fee for each supermarket, and a \$1,000 fee on leased departments in excess of three.

Kraft-Phenix Cheese Co., having signed a fair-trade contract with a single retailer in Illinois on its Miracle Whip salad dressing, is informing all other Illinois retailers that Miracle Whip is now price-fixed in that state.

While no official ruling has yet been made public, it is not considered likely that New York City will attempt to stretch the precedent for taxation of advertising revenues, established in the case of the New Mexico gross receipts law, to cover collection of the full tax from publishers who print outside New York State (*BW*

—May 21/38, let the full editorial and York City state; the u the city as application New York powering N relief taxes legal if they legislature. lishers who fees but w will have th portion of equal to th lation in N total circul

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As indepe thorty, lon but hard t atmosphere way this w Carran bill Lea bill pa mittee had smoothing decision. I erned was people look ble develop tion.

The two control ove pendent co ing plans f ministration any yet d matter of t other gove vide for c employees. Office, Co terstate Co ation work

How the

Essentia were not The Senat mission at board to a control; th three-man a separate differences being mor allows the mission m Lea bill d from its c Despite

—May 21 '38, p.38). But it will try to collect the full 0.1% from publishers with editorial and executive offices in New York City who print anywhere in the state; the use of the state rather than the city as a standard in determining application of the tax stems from a New York State law specifically empowering New York City to exact such relief taxes of this type as would be legal if they had been enacted by the legislature. Under this precedent publishers who have New York City offices but who print outside the state will have the tax levied on that proportion of their advertising revenue equal to the ratio between the circulation in New York State and their total circulation.

U. S. Aviation Board

Industry rejoices as Lea and McCarran bills are passed and go to conference.

AN independent civil aviation authority, long hoped-for by the industry but hard to arrange in the political atmosphere of Washington, was on the way this week at last. With the McCarran bill through the Senate and the Lea bill past the House, a joint committee had the subject in hand for smoothing out of differences and final decision. In general, everybody concerned was happy, and the aviation people looked forward to sound, sensible development of non-political regulation.

The two bills agree on giving full control over airline rates to an independent commission, and in formulating plans for a much more stable administration of flying regulations than any yet devised. Both bills take the matter of aviation out of the hands of other government agencies, and provide for eventual absorption of the employees now hired by the Post Office, Commerce Department, or Interstate Commerce Commission in aviation work.

How the Bills Differ

Essential differences in the two bills were not regarded as insurmountable. The Senate voted for a five-man commission and another five-man safety board to act independently of the top control; the House plan calls for a three-man commission at the head and a separate safety director. There are differences in pay, too, the Senate scale being more liberal. The McCarran bill allows the President to remove commission members for any cause; the Lea bill does not (each was changed from its original form).

Despite these differences, the whole

Addressograph



Addressograph prevents losses! It makes money for users!

SPEED SAVES TIME—Transcribing is done many times faster because *one* motion replaces *many*. Name and data writing is done on time, every time—even during peak load periods—without mental and physical strains.

ACCURACY SAVES MONEY—Listing, imprinting and addressing are *always* done accurately. Every transcription is an exact copy of the *verified* original. Checking for errors and omissions is never necessary.

LEGIBILITY PROTECTS GOOD WILL—All names, numbers and other information are written clearly, distinctly and correctly. The work equals best typewriting. The hazards of misreading and misdirecting are eliminated.

Investigate Addressograph Methods

Addressograph methods are applicable to *every* need for name and data writing—simple, convenient, economical.

Write on business stationery for **COMPLETE INFORMATION**; consult telephone books for address of nearest Addressograph Sales Agency. Arrange to see these methods demonstrated.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION

Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO

Sales Agencies in Principal Cities Throughout the World

Would You be "On t



Photo
courtesy
Anaconda
Wire & Cable Co.



The "Megger" Insulation Test is the maintenance man's guide to the condition of his wires and cables.

Insulation failure shuts plant down 24 hours

Example of what trouble may result from antiquated, deficient electric circuits is the experience of a large mill in New Jersey. Due to weakened insulation, an important feeder cable "let go." Result—the plant was completely shut down for 24

hours. Obviously, a shut down like this cost far more than any waste from leaving electric lights burning. Yet management, often on the look-out for the *unimportant* waste, fails to take steps to correct conditions that may cause serious loss.

**USE MODERN
IMPROVED**

Anaconda Wire

ANACONDA WIRE & CABLE CO., General Offices: 25 Broadway, New York
Subsidiary Anaconda Copper Mining Company

the Carpet"

if your maintenance man were boss?

He can tell you how to stop wasting power and how to avoid costly breakdowns. Nine chances out of ten, your factory's electric circuits are wasting money needlessly.

AFTER the breakdown occurs, the maintenance man's "I told you so" isn't going to help matters. Chances are that for months he's been warning the management about those old-fashioned, deficient electric circuits. Every time a new machine was added, he'd say, "Let's increase wire sizes." But nobody listened. Then the feeder blew... tied up the plant... and the maintenance man was "on the carpet."

Your electrician or maintenance man knows that overloads are perilous. They lead to breakdowns. Men and machines stand idle. Production is stopped. Or, it may be that overloads waste electric energy in the form of invisible heat losses. Dollars fly out the window needlessly day after day. Voltage drops that slow down machines are still another way in which electric current is squandered due to undersized, antiquated wiring. *Nine out of ten industrial plants waste money needlessly because of failure to modernize electric circuits.*

**Commercial buildings...homes
...are losers, too**

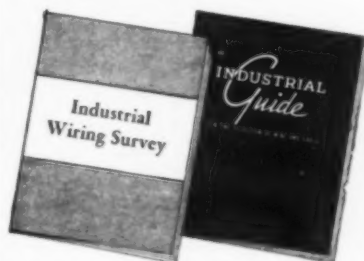
Authorities say that practically every commercial building, likewise, is wasting money needlessly because of undersized or improper electric circuits. Air conditioning and numerous other electrically operated devices put a heavy strain

on circuits. In the home, more and more electric appliances are being added to circuits that were intended for lighting and little else. This excessive demand causes electric energy to "evaporate" from the undersized wires. Heavier copper would prevent such loss, soon pay back its cost.

Prevent these needless losses

To aid you in discovering and preventing invisible electrical losses, we have prepared two useful books. Together, they give all directions necessary for making a check-up of electrical circuits. Such a check-up need cost you nothing. Send for these books and learn how easily a survey can be made. Then talk the matter over with your maintenance man, electrician, your industrial consultant, or electrical contractor. If you have a specific problem, consult our Engineering Department. We will cooperate without obligation.

Use these free books to end power and lighting "headaches"



FREE! The "Industrial Wiring Survey" tells how to make a check-up of electrical circuits. The "Industrial Guide for the Selection of Wire and Cable" tells how to correct conditions found. Both books are free. Write for them.

matter was regarded this week as having fairly clear sailing, and quick agreement was expected. The industry was eager to see the new commission get to work—and general opinion was that the exercise of unified control could work wonders in erasing the distressing problems and jealousies which have hampered development of civil aviation.

Pay Company Union

Court rules Curtiss-Wright must keep contract, despite Wagner Law.

THE National Labor Relations Board, the New York State Labor Relations Board, various independent unions, the American Federation of Labor, and the Committee for Industrial Organization all were watching a court case in Buffalo this week. Ultimately it could be tremendously important, because to date the employer involved (Curtiss-Wright aeroplane division) has been judged legally bound to pay \$12,415.14 to an independent union for services rendered.

Under the Wagner Act, employers are specifically denied the right to "contribute financial or other support" to any labor organization. But the Curtiss union, organized in 1935 with the help of a Buffalo attorney, Edward W. Hamilton (BW—Feb 26 '38, p. 17), made a contract with the company to perform certain welfare services which up until that time had been paid for by the company. For these services the company agreed to pay the union an amount equal to union dues, but not exceeding 12¢ per week per employee.

Judged Entitled to Sum

This week the union, known as "The Aircraft," viewed with pleasure a ruling by the New York Supreme Court that it was not a company union in the meaning of the state's "little Wagner Act" and that it was entitled to collect \$12,415.14 for services rendered the company from July 5, 1935, up to the fall of 1937. It viewed with some alarm a hardening attitude on the part of the company, which seemed inclined to hold to the view it took on July 5, 1935, that the passage of the Wagner Act made such payment illegal.

In part, the suit to date has been a friendly action, because both sides would like to see the disputed point settled definitely. But if the company refuses to pay, pending an appeal, the union may talk strike. On the other hand, the company doesn't want to be prosecuted under the Wagner Act, and is reluctant to move until appeals have been decided.









& Cable

Chicago Office: 20 North Wacker Drive
Sales Offices in Principal Cities



The Business Record, State by State

Percent Gain or Loss from First Quarter 1937 to First Quarter 1938

| States by Regional Groups |  Passenger Car Sales |  Commercial Car Sales |  Household Refrigerator Sales |  Ordinary Life Insurance Sales |  Value of Checks Drawn |  Farm Income |  Electric Power Output |  Heavy Construction |
|---------------------------|---|--|--|---|--|---|---|--|
| New England | -56 | -48 | -62 | -27 | -22 | -10 | -12 | + 1 |
| Maine | -54 | -44 | -50 | -28 | -14 | -40 | - 8 | +11 |
| New Hampshire | -74 | -67 | -56 | -25 | -13 | - 2 | -10 | - 0 |
| Vermont | -52 | -22 | -61 | -19 | -13 | + 9 | + 2 | -58 |
| Massachusetts | -53 | -48 | -60 | -27 | -25 | +13 | -15 | +5 |
| Rhode Island | -61 | -53 | -73 | -24 | -18 | + 3 | -14 | +58 |
| Connecticut | -57 | -49 | -66 | -31 | -15 | + 2 | -17 | -40 |
| Middle Atlantic | -48 | -40 | -46 | -24 | -27 | + 1 | - 7 | +30 |
| New York | -44 | -39 | -44 | -25 | -28 | + 2 | - 7 | +63 |
| New Jersey | -42 | -28 | -53 | -18 | -16 | + 1 | -11 | +86 |
| Pennsylvania | -55 | -47 | -44 | -24 | -21 | + 1 | - 7 | -24 |
| East North Central | -57† | -41† | -52 | -21 | -20 | -15 | -10 | - 5 |
| Ohio | -66 | -55 | -61 | -21 | -20 | -20 | -16 | +47 |
| Indiana | -58 | -33 | -52 | -18 | -15 | -18 | - 9 | - 5 |
| Illinois | -46 | -35 | -41 | -17 | -20 | -12 | - 2 | -25 |
| Michigan | -64 | -45 | -59 | -32 | -25 | -17 | -15 | -14 |
| Wisconsin | -43† | -33† | -52 | -18 | -17 | -11 | - 1 | -33 |
| West North Central | -37 | -31 | -35 | - 6 | -10 | - 4 | - 9 | +39 |
| Minnesota | -28 | -22 | -14 | - 1 | -11 | - 5 | - 5 | +79 |
| Iowa | -33 | -25 | -36 | - 3 | - 6 | + 8 | + 9 | -15 |
| Missouri | -34 | -33 | -39 | -10 | -11 | - 7 | -34 | + 7 |
| North Dakota | -11 | +14 | -38 | +27 | + 2 | -10 | + 4 | +467 |
| South Dakota | -30 | None | -50 | +22 | - 1 | +15 | - 1 | +274 |
| Nebraska | -34 | -31 | -46 | -20 | -12 | -19 | + 1 | +70 |
| Kansas | -65 | -60 | -40 | - 5 | - 8 | -16 | + 1 | +80 |
| South Atlantic | -47 | -41 | -44 | -15 | -11 | -20 | - 8 | + 2 |
| Delaware | -44 | -36 | -42 | -14 | + 0.1 | -11 | +30 | -67 |
| Maryland | -45 | -33 | -44 | - 6 | -14 | - 2 | - 6 | +14 |
| District of Columbia | -44 | -40 | + 5 | -26 | -11 | - 2 | +13 | -82 |
| Virginia | -38 | -37 | -28 | -10 | -12 | - 5 | -10 | +136 |
| West Virginia | -50 | -39 | -51 | -15 | -14 | -14 | - 7 | +193 |
| North Carolina | -48 | -39 | -37 | -15 | -11 | - 7 | -13 | + 2 |
| South Carolina | -50 | -40 | -51 | -28 | -18 | -37 | -20 | -58 |
| Georgia | -55 | -55 | -64 | -11 | - 7 | -41 | -15 | +283 |
| Florida | -46 | -32 | -53 | -23 | -10 | -18 | +15 | + 5 |
| East South Central | -41 | -25 | -38 | - 8 | - 9 | -12 | + 7 | +54 |
| Kentucky | -41 | + 5 | -36 | +19 | - 8 | - 1 | +42 | +77 |
| Tennessee | -32 | -18 | -36 | -22 | -11 | - 7 | + 6 | +61 |
| Alabama | -51 | -41 | -46 | - 7 | - 9 | -31 | - 0.3 | +18 |
| Mississippi | -42 | -40 | -34 | -15 | - 2 | -20 | +24 | +54 |
| West South Central | -20 | -19 | -18 | None | - 4 | - 2 | + 4 | +54 |
| Arkansas | -36 | -33 | -35 | - 9 | - 6 | - 4 | - 7 | -48 |
| Louisiana | -25 | -26 | - 7 | - 5 | - 6 | -15 | - 3 | +205 |
| Oklahoma | -18 | -19 | -16 | - 2 | - 3 | -19 | + 2 | +155 |
| Texas | -16 | -12 | -18 | + 5 | - 4 | +10 | +10 | +32 |
| Mountain | -50 | -35 | -45 | - 6 | -15 | -18 | +15 | +53 |
| Montana | -54 | -33 | -57 | -10 | - 6 | -21 | + 4 | +49 |
| Idaho | -51 | -22 | -42 | - 5 | - 8 | -40 | + 9 | +39 |
| Wyoming | -47 | -30 | -50 | -14 | - 5 | -11 | +11 | - 4 |
| Colorado | -52 | -45 | -44 | - 6 | -21 | -28 | + 3 | +27 |
| New Mexico | -40 | -35 | -40 | - 8 | - 2 | -21 | + 7 | +25 |
| Arizona | -50 | -34 | -45 | -13 | - 4 | +39 | +44 | +73 |
| Utah | -51 | -38 | -39 | + 1 | -13 | - 6 | -34 | +400 |
| Nevada | -48 | -23 | -42 | + 7 | - 2 | +38 | +55 | + 7 |
| Pacific | -51 | -30 | -40 | -10 | -15 | -18 | - 6 | +67 |
| Washington | -60 | -40 | -29 | - 9 | -13 | -25 | - 3 | +805 |
| Oregon | -54 | -42 | -37 | -23 | -11 | - 7 | -14 | +246 |
| California | -49 | -26 | -44 | - 9 | -15 | -18 | - 6 | -41 |
| UNITED STATES | -48† | -35† | -45 | -18 | -22 | -14 | - 6 | +27 |

† Wisconsin estimated.

© Business Week

BUSIN

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HOTEL TURNS INSIDE OUT!

TO A GUEST, the comfort, convenience, service and beauty *inside* a hotel are more important than outward appearance. In these days of steel and stone, it's easy to maintain immaculate outward appearance. The real test is what happens *inside*—and there's where Statler excels. Read the exciting details of Statler's constant search for what the guest wants in new hotel equipment and decoration. Read how Statler Research and Maintenance Executives keep Statler in the lead by always remembering that the *inside* of a hotel is really the outside.



THE MAN ON THE LEFT: When you go to the New York World's Fair, you'll see his work in the decorations of the giant Perisphere. The New York Central's new "20th Century" train owes its graceful lines, color and decorative effect to this great artist-engineer. His name is Henry Dreyfuss; his work, making useful things beautiful.

PHOTO SHOWS: Statler Vice President in charge of Hotel Operation, Frank A. Duggan, discussing with Mr. Dreyfuss the plans explained below:

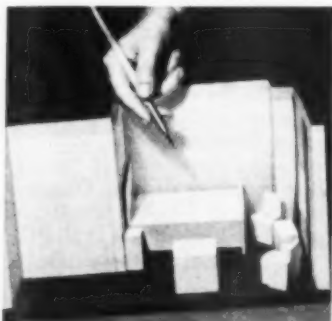
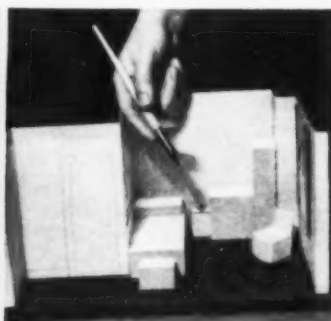


Photo Shows a tiny model of a Statler bedroom before 1938 styling. Made for Statler Research Executives in studying ways to increase floor space and "living-efficiency."



Famous Statler decorator, Louis R. Rorimer (at right) and Statler Maintenance Vice President, H. B. Callis, study the amazing new designs developed by Mr. Dreyfuss and determine color and decorating effects.



More Model rooms are built, as Statler Research works out a basically new idea in bedroom arrangement. Note gain of floor space available to guest over photo 1.



Secret of the spaciousness of Statler's new room designs in Cleveland and Detroit, is this combination of Dresser, Desk, Radio, Phone-stand and Wardrobe.



And This is room 1172 in the Cleveland Statler after completion of 1938 room-styling. **RIGHT:** another arrangement of radio, radiator and telephone being used in Cleveland and Detroit room-styling. These rooms are typical of continuous work of the Decorations and Maintenance Department of Statler. They show why the last word in hotel comfort is the word "STATLER."

STAY *Hotels* STATLER



LABOR ANGLES

San Francisco's "town meeting" . . . Test case . . . Dues-collection picketing . . . Paul Shoup, Open-Shopper . . . Remington Rand's defeat . . . Hollywood pickets . . .

San Francisco will inaugurate the "town meeting" system of open discussion of labor problems June 3. The employers' "Committee of 43" has campaigned for the open forum, and the C.I.O. unions under Harry Bridges have agreed to be on hand to take up their side of debate on local difficulties. To date, the A.F.L. has declined to participate, but a big public turnout is anticipated nevertheless.

Labor unions, using every available means to combat the pressure of wage cuts, are insisting that employers under contract with labor must get the union's consent before reducing the scale. The Textile Workers Organizing Committee, although it has made concessions in recent conferences with em-

ployers, is insistent on maintenance of contracts, and is making a test case of a suit against the Bigelow-Sanford Carpet Co. Up for hearing this week in a New York court, the suit charges violation of contract, asks an injunction to prohibit wage cuts, and seeks payment of damages.

Union sentiment is turning against dues-collection picketing, following the surge of public feeling against such practices in the Detroit area. Eastern unions, more adept at good public relations than some of the newer unions in the Middle West, have managed to keep their locals in line on this point to date, and predict that the practice will fade in the Middle West as the sitdown and the power

strike did. Observers in the Middle West, however, forecast more dues-collection picketing and employer adoption of shutdown policies to meet the drives, until the union internationals get control of the locals.

Los Angeles, an "open shop" town still for the most part, will have more steam behind the anti-closed shop campaign of Southern Californians, Inc., after June 1. Paul Shoup, vice-chairman of Southern Pacific, will leave his railroad job to devote his time to coordinating and directing the dozen or more organizations that crusade under the Southern Californians' banner.

One labor case, by and large, has taken more time to settle than any other of recent years, has involved all the legal steps there are, and has brought bitterness to a large number of employees who originally were not concerned. It is the Remington Rand case, which sprang from hard-fought strikes of 1936. This week the Supreme Court declined to review the Circuit Court enforcement order (*BW—Feb 1938, p.30*) and thus closed the case with a victory for NLRB and a defeat for the Remington Rand attorneys. The employees who were hired to replace strikers, however, and who have had jobs for two years or so, are bitter about what they consider unjust treatment in being ordered to give up their jobs when jobs are so badly needed.

Two other cases (Black Diamond Steamship Corp. and Carlisle Lumber Co.) reached the end of the road on the same day and in the same way Remington Rand's case did, and each company had been ordered by the NLRB to reemploy strikers. Observers feel that the long list of orders to give back pay to strikers will aid in speeding other pending cases, if the employers' defense is weak, but are waiting for the final decision in the Republic Steel case to tell the tale.

Hollywood continues to do things in a spectacular way, with trimmings. When members of the American Newspaper Guild struck at the Hollywood Citizen-News last week they were agreeably surprised to get support in quantity for their picket lines. Other C.I.O. unions offered help, as was expected, but the super-colossal feature was added by a "Dawn Patrol" of voluntary assistants. As the morning of the first picketing wore on, screen stars and writers filled in (including Lionel Stander, Dorothy Parker, and Robert Montgomery), and the strike was judged by spectators well worth filming on its own merits.

With both sides standing back of their biggest field pieces, the important



NEW...A Pedestal FAN

A great idea! Just as you move a floor lamp to the best spot for lighting, you place this "bridge" fan in the best spot for breezing. Adjust the height, touch the switch... and everybody's comfortable!... This is the famous R & M De Luxe, the finest fan we make. The big, broad blades are extra silent and efficient... the construction is what the public has come to expect of workmanship bearing the R & M stamp. A safer fan, less easy to reach, in homes where there are small children... If your dealer hasn't it, ask him to order it now—for the first of many pleasant

summers. Ten- and twelve-inch sizes, oscillating type, \$21.45 and \$36.95. Other R & M fans, \$3.95 up... *Robbins & Myers, Springfield, Ohio; Brantford, Ontario.*

ROBBINS & MYERS



Fans

ALL TYPES • ALL SIZES

Motor Co. labor case waits in the Sixth Circuit Court (Kentucky) arguments on the Ford motion that the NLRB be forced to answer a list of questions on its methods and procedure. The arguments of counsel will be heard by the court on Tuesday, May 31.

Engineers have done a lot of worrying about economic problems and collective bargaining; a few groups have lined up with organized unions, but the majority are still individualists. This week the members of the American Society of Civil Engineers received an invitation from the Federation of Architects, Engineers, Chemists, and Technicians (F.A.E.C.T.) to hold a joint conference on proper practices. The A.S.C.E. reserved comment, and stood pat on the March report on unionization made by a special committee, which recommended that union membership have no bearing on qualification for society membership, that the society take no part in efforts to exclude professional people from the jurisdiction of the Wagner Act, and that local situations govern the individual's decision on joining a union.

Westinghouse Wage

Pay cut follows dividend, under flexible plan.

WESTINGHOUSE ELECTRIC'S 3% dividend to workers for the month of May was very much like an "Irish dividend" in the stock market. Next day the company announced a 10% reduction in salaries, and it looked—at first glance—as if the salary and wage dividend was a "now-you-have-it, now-you-lose-it" proposition. But actually, the company's workers got what was coming to them under the two-year-old Westinghouse wage and salary plan. The company agrees to make an adjustment in base pay (for both salary and wage workers) each month. The amount of adjustment depends upon earnings. But the company also reserves the right to cut basic salaries or wages if necessary to keep in the black.

The effect of the plan, then, is to pare the company's basic payroll budget down to a point where it will be able to earn profits and pay wage and salary dividends. In other words, wage and salary cuts at Westinghouse introduce flexibility into its payroll. If the cut is larger than necessary, workers get it back in the form of dividends. Last August the dividend was 10%—or \$32 on a paycheck of \$200 a month. Latest dividend was only \$6 on the same amount.



HEART SPECIALIST

THIS MAN is listening for trouble in the heart, the power-plant, of one of America's great industries.

Daily, skilled Hartford Steam Boiler inspectors travel the length and breadth of the land, checking on engines, turbines, boilers, on all power equipment insured by their company.

Unseen by executives, another unique group of specialists, the Hartford engineering staff, studies trends and techniques—reports them to the far-flung Hartford field force for practical application in lessening likelihood of accident.

Back of the individual inspector, back of the engineering staff is an organization devoted solely to engineering insurance. This is a complicated business. It takes skill, resource, the best energies of best men. Sheer volume of insurance placed equips Hartford with a unique understanding of diverse power problems—of ways to keep plants running safely.

Ask your agent or broker to place your boiler or machinery policy with this organization of specialists—industry's choice for half of all engineering insurance carried in America.



**THE HARTFORD STEAM BOILER
INSPECTION AND INSURANCE COMPANY**

HARTFORD, CONNECTICUT

OLDEST IN THE COUNTRY, LARGEST IN THE WORLD. ENGINEERING INSURANCE EXCLUSIVELY.

Steel Men Study New Trends

Prices, depression problems, and recovery opportunities are leading subjects of discussion at annual meeting of American Iron and Steel Institute.

STEEL leaders converged on New York for the annual meeting of the American Iron and Steel Institute on May 26 feeling that they have gone through one of the toughest times in their history, but not too shaken in spirit by their experience.

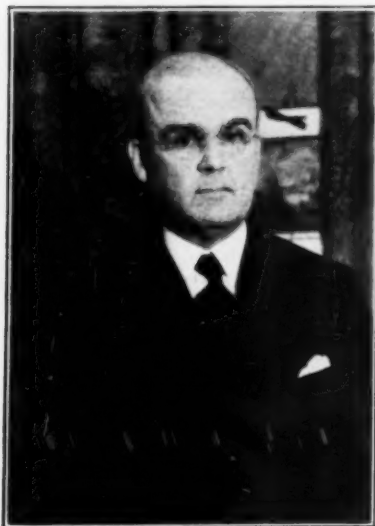
A year ago the industry was steaming along close to full capacity. There had been plenty of talk about a world shortage of steel and it took a bit of political pull to get deliveries in less than four to six weeks. Then came the most precipitate drop in operations ever known. First-quarter production of finished steel this year was only 33% of capacity, and no immediate improvement is in sight. In fact, a mild sliding off during the summer seems in order.

Hence steel's spokesmen are cautious about sticking their necks out so far as predictions of recovery are concerned. Yet it is no secret that at least some companies are setting their houses in order in expectation of expansion in the fall.

Many Steel Buyers Want Cuts

Reaffirmation of present prices for third quarter, with the exception of some readjustments in the pricing of continuous mill products to bring them into line with new mill practices, won't help tonnage much if any. Many steel buyers thought price reductions were due and aren't convinced that they still won't come sooner or later. Meanwhile they will buy only what they need.

Many factors worked in favor of



E. T. WEIR
National Steel chairman, Institute vice-president and speaker.

maintaining the *status quo* on prices. Prices today are tied in almost inextricably with wage rates. A break in the price structure would result in lower hourly rates and that might mean trouble again.

There's a purely commercial consideration too. Steel people know from experience that nothing stops buying faster than a cut in prices. Users then wait for another slash and don't step out with sizable tonnage orders until fully convinced that prices have hit bottom. So sales executives figure they



T. M. GIRDLER
Republic Steel chairman, Institute president and first speaker.

have a better chance of getting business at current levels than if prices slipped.

And there's a financial side. Why, argue steel's partisans, should prices come down when the industry is operating at a loss? Moreover, the steel people are conscious of the fact that the government itself is reported to have inspected the books of one company and satisfied itself that everything is on the level so far as prices go. That is why, so the story goes, there hasn't been any recent White House charge that steel prices are too high.

The 1937-38 depression has not been without its lessons for steel mills. With ingot operations at 31.5% during the first quarter, the industry lost only \$5,000,000. Of the big companies, Bethlehem, National Steel and Inland were in the black. Bethlehem made a little money running at 34.6%. The obvious conclusion is that the industry has got economical operations down to a fine point, today can break even on less



W. A. IRVIN
U.S. Steel vice-chairman, Institute vice-president and speaker.

than 40% production, compared with 45-50% a few years ago.

Interesting, whether true or not, is the contention of one large steel user that the fine financial showing of the industry this year proves that costs of producing flat-rolled steel by the continuous process are much less than by the old hand-mill method and that savings have not been passed along to the consumer. On the other hand, W. B. Gillies, vice-president of Youngstown Sheet & Tube, told the Institute's commercial session that the question of whether some steel prices are slightly higher or lower today than in '29 is irrelevant because one must consider the great improvement in steel's quality in recent years and the fact that this improvement has enabled the user to eliminate some cost-boosting fabricating operations in his plant.

Flat-Rolled Steel Harder Hit

The new depression has been even harder on the up and coming flat-rolled steel branch of the industry than on heavier products. There are two reasons: sheet and strip users, particularly automotive companies (biggest consumers of all), had accumulated huge inventories and were almost out of the market for months (compared with smaller inventories by heavy steel users); and new continuous mills, begun before the depression struck, are now coming into the market. Jones & Laughlin, Tennessee Coal & Iron, and Republic have the most recent additions, and Carnegie-Illinois will be along shortly with its Irvin works at Clairton, Pa. This has added considerable capacity at a bad time.

But the flat-rolled steel people remember that three or four years ago everybody wondered where markets could be found for all the continuous mill tonnage; then it was only a short

time until continuous mills couldn't turn out steel fast enough. That will happen again, they believe. Flat-rolled steel is finding increasing use in consumers' goods (household appliances, office furniture, store fronts, steel houses) and sales promotion departments of steel companies are working like beavers to uncover new applications. Last year flat-rolled steel made up 46% of all the steel produced, as against 33% in 1929. Also 1937 set a record in that almost 17,000,000 tons of light steel went into consumers' goods. That had never happened before.

Steel "Tailor-Made" Today

Slack business this year has emphasized the cost of taking small orders. Steel today is "tailor-made," with thousands of compositions and types of material. That means that almost every order differs in some respect from every other order, necessitating frequent mill roll changes and added handling. N. J. Clarke, Republic's vice-president, estimates that the average cost of changing rolls on Republic's four mills the past year was \$78. Particularly high is the roll-change cost in continuous mills which are designed fundamentally to operate on a continuous basis, like a conveyor in an industrial plant. The chief "out" is for mills to encourage buyers to place their small orders with distributors who often can pool orders and give more satisfactory tonnage to mills for rolling.

The trend in the industry toward greater integration is exemplified by the merger of Allegheny Steel and Ludlum Steel into the Allegheny Ludlum Steel Corp. Each company was in need of facilities which the other could supply. Allegheny required additional bar-rolling capacity and Ludlum flat rolling capacity. The combined companies have sufficient equipment in both bars and flat products without additional investment. No two companies so completely represent, with hardly any important duplication, the complete range of alloy steels as these two. Small independent companies which are dependent on outside sources for raw or semi-finished steel are finding the going increasingly tough.

Companies Improve Plants

Though the steel industry appears to be unable to get off "dead center" of 30% operations, expenditures this year for plant improvements promise to exceed the \$165,000,000 earlier estimated by the Steel Institute. The reason isn't hard to find. Recent laws make it impossible longer to live in lean times on the surplus built up in fat years. Hence companies are bending all efforts toward keeping on the profit side, are further mechanizing mills and modernizing equipment to secure lowest possible costs.

TEXTILES



THE PROTECTED PAY ENVELOPE



IN THE textile industry modern machinery and alert modern thinking are "musts" in keeping step with changing trade trends.

This great industry, which benefits so materially by initiative in meeting changing conditions in its own business, has found that adaptability to current personnel trends can also pay dividends—in better employee relations.

Designed to provide CONTINUITY OF INCOME for employees in event of death, disability and old age, Connecticut General's new coordination of group insurance benefits . . . "The Protected Pay Envelope" plan . . . is a practical program for bettering employer-employee relations in any organization, because in most cases the employee actively cooperates in paying his share of the cost.

A description of this plan and its wide range of possibilities is outlined in our new book, "The Protected Pay Envelope," a copy of which will be sent to you upon request.

★ ★ ★

"We have had group insurance in this plant for seven years. In a good many instances it has been a real life saver to the family in case of death. It is my belief that all of our employees appreciate the opportunity to get insurance so cheap and we heartily recommend it to those who may not have it."

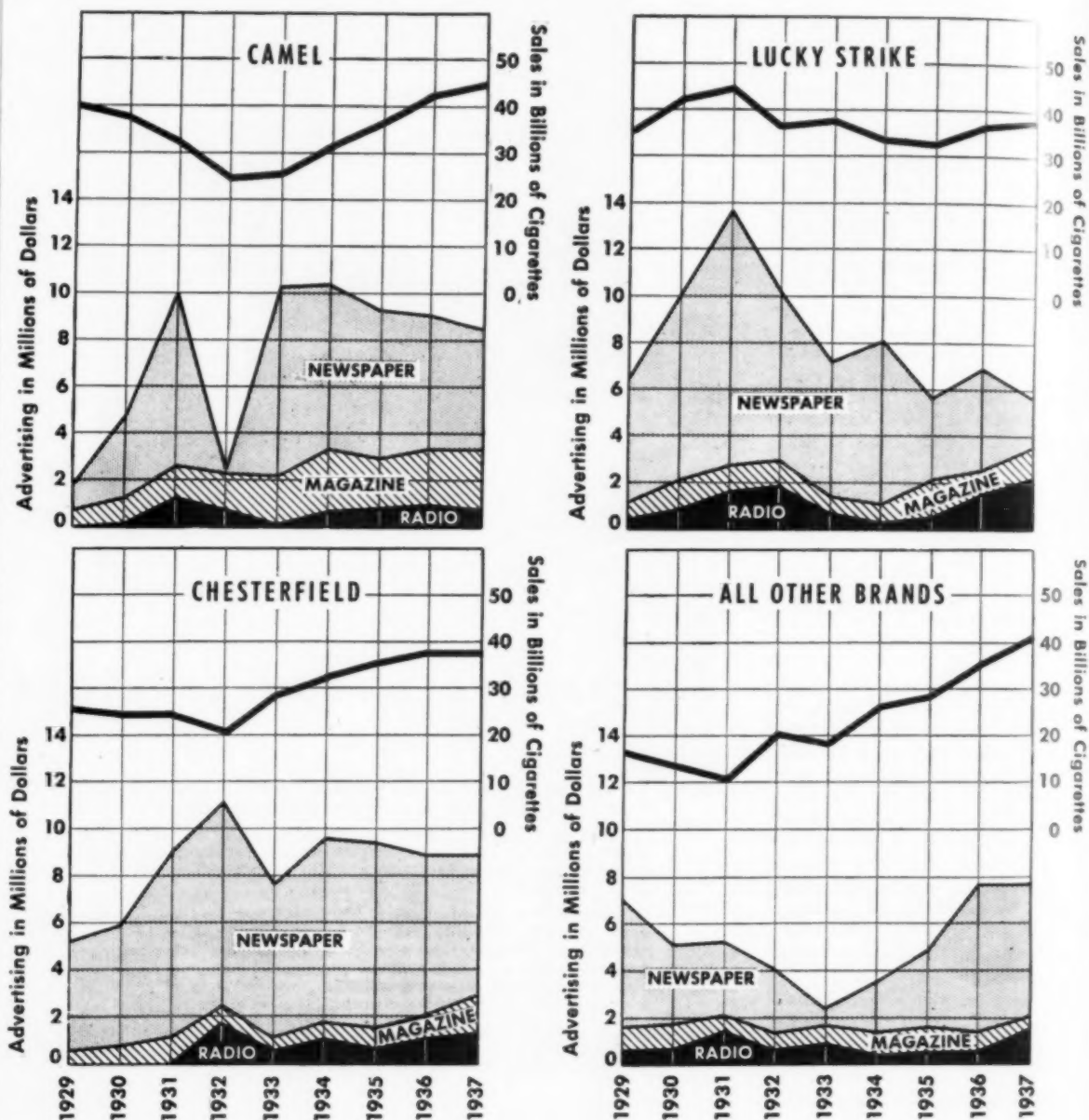
MAY HOSIERY MILLS, INC. . . . A Connecticut General Group Policyholder

Connecticut General
LIFE INSURANCE COMPANY
Hartford, Conn.

Life, accident, sickness insurance, annuities and all group lines.

CIGARETTE CYCLE

Nine year record of sales and advertising expenditures by principal brands

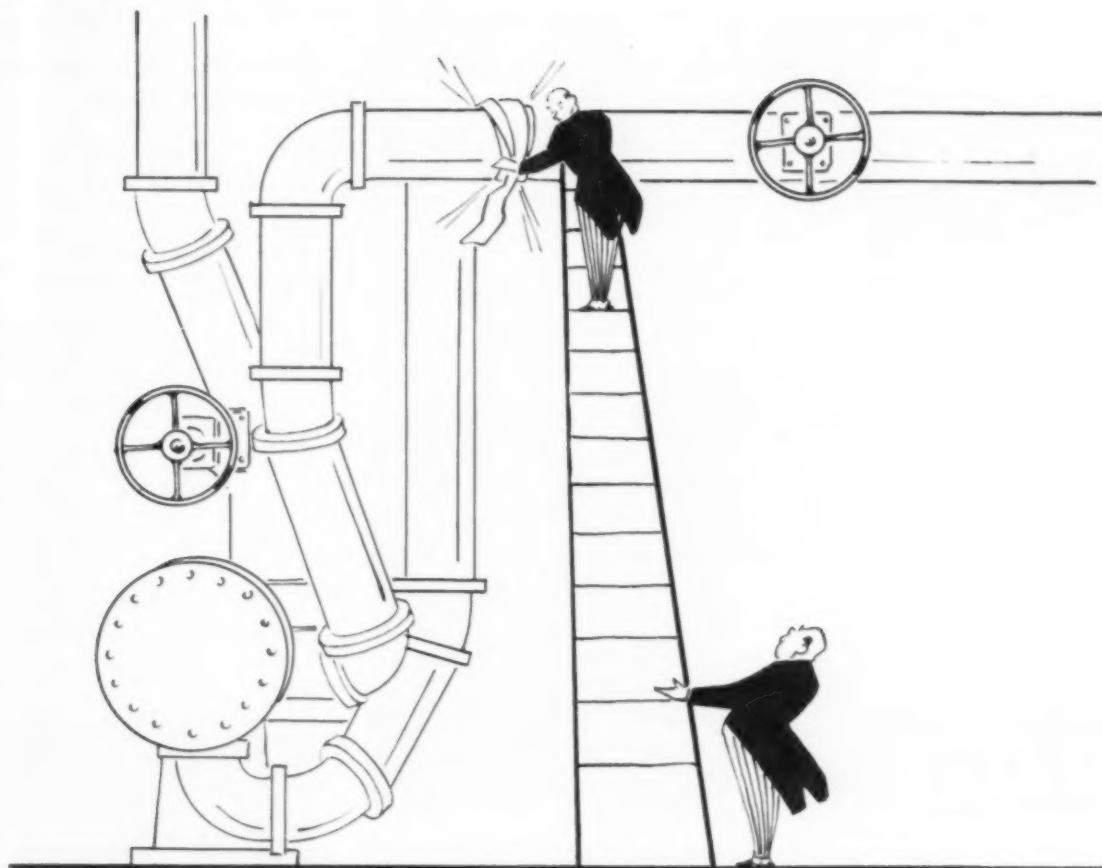


Data: Media Records.

© BUSINESS WEEK

ANY study of the shifting fortunes of war in the cigarette field only serves to emphasize basic advertising principles. Far from demonstrating that successful advertising is simply a matter of how much money is spent, statistics on brand sales and advertising show that the relationship between the two is a subtle function of copy themes, media selection, cumulative effect—and, of course, volume. The performance of Lucky Strike in the past half-dozen years is convincing evidence of that. And first-quarter volume estimates indicate that Luckies are continuing their upswing, tightening their grip on second place.

Aside from the greatly augmented total of cigarette consumption, probably the most notable feature of the battle of the brands (1929-1937) is the dramatic sales increase scored by cigarettes other than the Big Three—notably Philip Morris and Old Gold. The rise of radio as an important advertising medium is also dramatically evident, particularly in the case of Lucky Strike; newspapers, the statistics show, still remain of primary importance to the tobacco manufacturer, but percentage-wise they are not at present getting as much of his advertising appropriation as they once did.



"NOW THE ADHESIVE, J. B.—"

"But R. W.—, wouldn't it be cheaper to install a complete new line?"

When your salesmen are met with "Sorry—we're not buying this month", it means just one thing . . . the Men Up Top are pulling in their purchasing lines. They are scrutinizing all corporate needs in person—whether it's plant modernization or office supplies.

In times like these, your product or service has to fight harder than ever for recogni-

tion. You've got to sell the ranking executives in business and industry—or else.

Business Week sells executives—the men who have the final say. With a weekly audience of more than 370,000—paid subscribers and "pass-along" readers—*Business Week* reaches more executives per advertising dollar than any other general magazine or general business magazine.

BUSINESS WEEK

ALERT . . . ACCURATE . . . AUTHORITATIVE

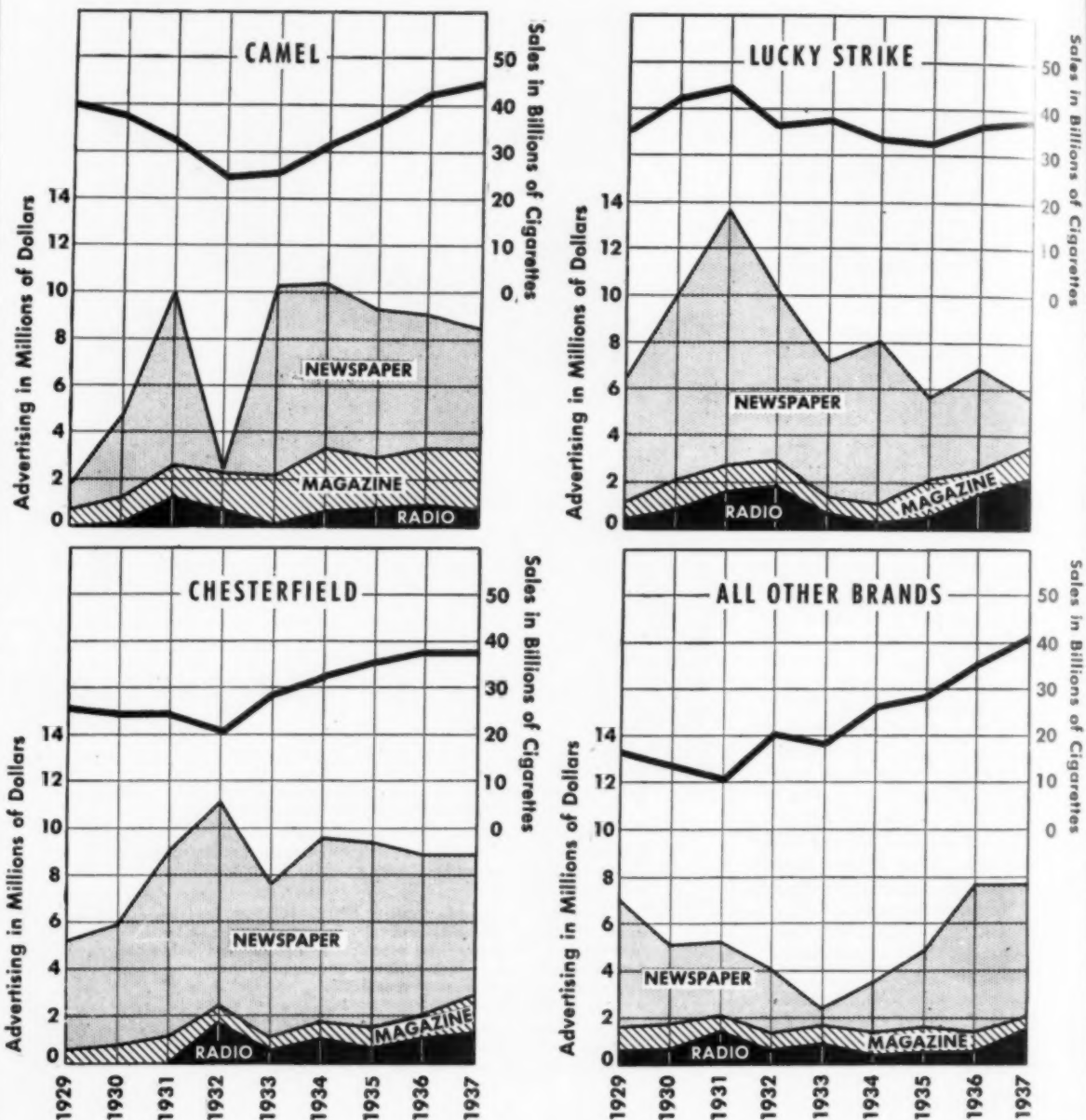
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THE EXECUTIVE'S
BUSINESS PAPER



CIGARETTE CYCLE

Nine year record of sales and advertising expenditures by principal brands

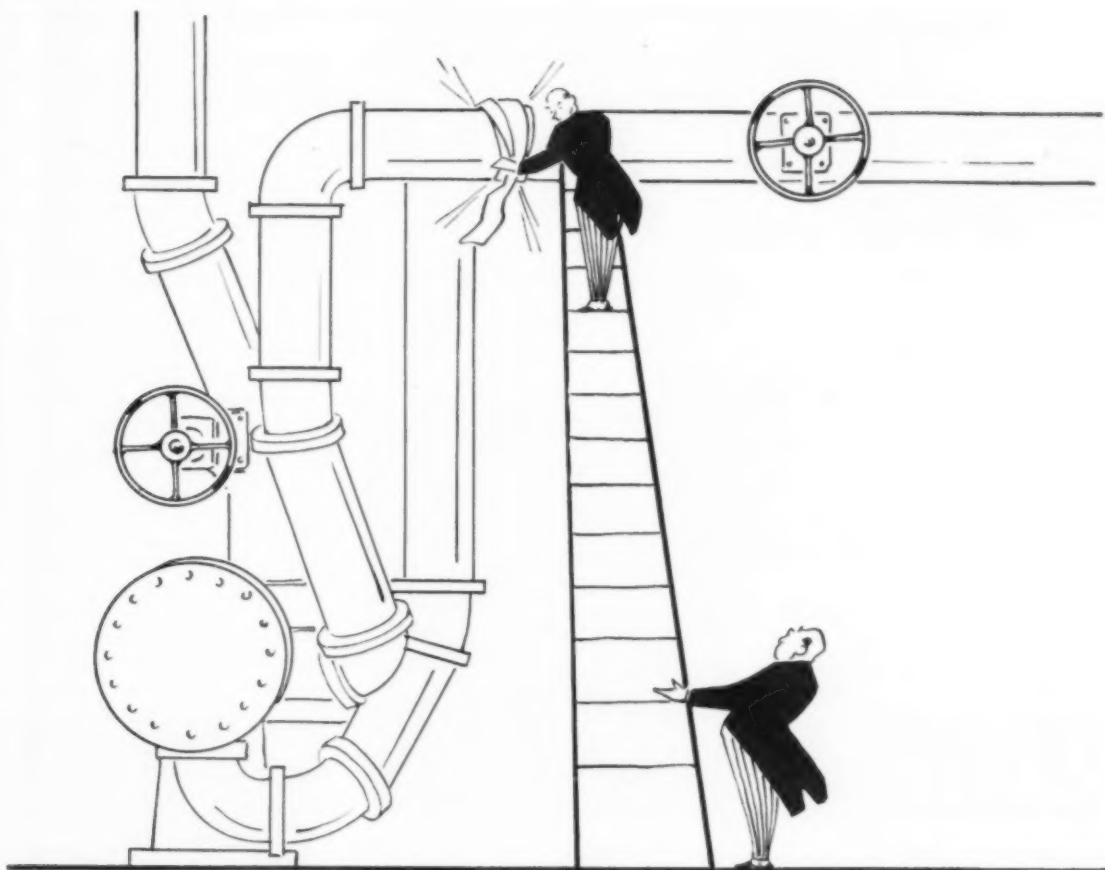


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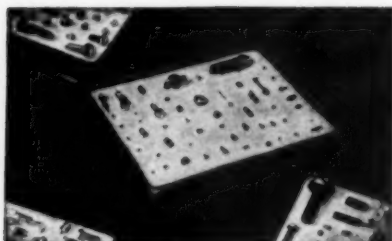
BUSINESS WEEK

ALERT . . . ACCURATE . . . AUTHORITATIVE

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THE EXECUTIVE'S
BUSINESS PAPER





CONTACTS...the jewelry of the electrical circuit

Within these bits of tungsten and platinum and molybdenum and silver and silver alloys must be the gigantic strength to withstand a physical and electrical pounding. For each job there must be different "jewels". Their work ranges from the electrical contacts of your motor car distributor that "make and break" two hundred times a second, to the circuit breakers in a sub-station that give their lives to protect the equipment when lightning strikes.

Mallory is the only company making electrical contacts for all services... Manufacturers, whose apparatus will call for electrical contacts are urged to give early consideration to this vital factor in satisfactory performance before designs are completed.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address—Palmallo

P. R. MALLORY & CO. Inc.
MALLORY

PARTS FOR RADIO, ELECTRICAL,
AUTOMOTIVE AND INDUSTRIAL FIELDS

"Thanks a Million"



When you make a man feel like this, he's on the way to being made a good customer.

For more than twenty years we have shown aggressive selling organizations how to use Redipoints effectively in building friendly preference for firm, product and service.

Ask us to outline a
REDIPOINT
promotion plan for
your business.

BROWN & BIGELOW
Remembrance Advertising
Saint Paul, Minn.

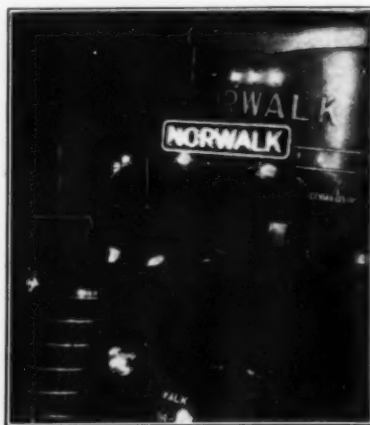
Redipoint.

Flip of
Thumb
Feeds
Lead!

Automatic
Pushback
Saves Lead
and
Pockets

New Products—New processes, new designs; new applications of old materials and ideas.

MORE neon signs will appear on automotive vehicles, now that General Electric Co., Schenectady, N. Y., has developed a new transformer device which takes so little current from 6- or 12-volt batteries that special generator settings are unnecessary. The 6x5x3-in. device will illuminate 20 ft. of neon tubing. General Electric Vapor



Lamp Co., Hoboken, N. J., is bringing out the new TuLamp transformer designed to operate two 400-watt mercury lamps at peak efficiency and 90-95% power factor. Transformer losses are reduced 30% in comparison to two single-lamp units.

In almost any living room or office the air near the floor is many degrees cooler than that at higher levels. To get the benefit of this cooler air, Kisco



Co., 4414-18 W. Papin St., St. Louis, Mo., is manufacturing the Cool-Circle-Air, small enough to slip under desk or table, yet powerful enough to circulate 3,620 cu. ft. of air per minute.

SAFETY straps for linemen's climbers have a way of wearing through and breaking before their users are aware of danger. Mathias Klein & Sons, Chicago, have developed the Klein-Kord

strap, compounded of six plies of long staple cotton. The two center plies are dyed red, which acts as a danger signal calling for immediate discarding when the outer plies wear through.

A NEW combination pocket magnifier and mirror developed by Bausch & Lomb, Rochester, N. Y., makes the locating of cinders and other particles in the eye a one-man job.

WHEN the electric Baco Burglar Alarm is in locked position, any attempt to force entry by skeleton key or jimmy starts off a loud inbuilt bell which continues to ring until the alarm is unlocked with its own special key. If an intruder manages to get someone inside to unlock the door for him, alarm may then be set off by pressing a button right under the bolt. Universal



Alarm Corp., 67 W. 44th St., New York, manufactures the device for attachment to any door without wiring.

FIVE new products of wide application: (1) Crepe-finished conveyor belt to carry packages up steep inclines—U. S. Rubber Products, Inc., 1790 Broadway, New York. (2) Pocket Scleroscope for field hardness-testing—length 6 in., weight 1 lb.—Shore Instrument & Mfg. Co., 90-25 Van Wyck Blvd., Jamaica, N. Y. (3) Metal furniture putty for application to steel, aluminum, and other metals—Bissell Varnish Co., Bridgeport, Conn. (4) Carboly-tipped drills for sinking quick, smooth holes in concrete, marble, tile, etc.—Carboly Co., Inc., 2981 E. Jefferson Ave., Detroit. (5) Plymetl foundry pattern boards or match plates, weighing and costing less than orthodox metal—Haskelite Mfg. Corp., 208 W. Washington St., Chicago.

Two-in-One Collar

Launderers alarmed at "Twinwear" shirt, which threatens more work, less pay.

NEWEST attempt to wangle an extra day's wear out of a collar-attached shirt—and consequent threat to laundry volume—is the new "Twinwear" shirt whose patented design calls for two collars attached to one neckband and whose sales slogan reads "a clean shirt with a flip of the collar!" One collar is soft; the other is a coated-lining fused collar. (In fused collars, cellulose acetate provides a witless stiffener to obviate the necessity of starching.) The soft collar has pockets at the corners into which the points of the stiff collar are inserted when first worn. When the soft collar becomes soiled, it is turned back inside the neckband, exposing the stiff collar.

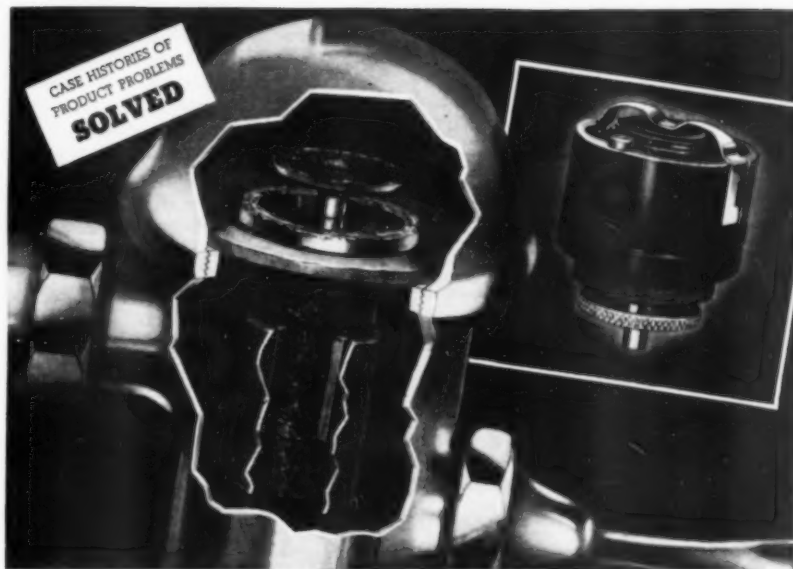
Laundrymen's Reactions

Instructions for laundering the double-duty shirt read somewhat like a verse from "The Music Goes 'Round and 'Round." The two collars must be ironed separately, and then together. Says one prominent and normally philosophical laundryman, "To think that we must go through all those motions just to help some guy chisel another day or two out of his shirt!" Says another, less philosophical, "We'll go broke unless we get at least twice as much as for a regular shirt."

Practically all laundrymen interviewed hark back to the troubles they had with the first fused, or starchless, stiff collars. High-grade shirt manufacturers took fusing seriously, seeing to it that the cellulose acetate stiffen-



DOUBLE DUTY—When the outer collar becomes soiled, it is turned back inside the neckband, exposing the stiff collar.



METAL WASN'T TOUGH ENOUGH!

Here's the history of a fight against wear and corrosion...the story of a plastic that could take more abuse than metal.

Flush valves for water closets have always been made with metal pistons which corroded and caused the rubber washers to deteriorate, demanding frequent repairs or complete replacement of the unit. No way was known of preventing this difficulty until engineers of the Speakman Company decided to try a radical departure from conventional practice and experiment with a molded Durez piston.

Preliminary mechanical and chemical tests indicated that the molded Durez piston would solve the problem, but the engineers were not completely satisfied. "Is there a chance of the Durez piston corroding or swelling," they asked. "Is there even a remote possibility that it would not stand up under the wear and tear of many years' service?" So they placed a Durez piston in one of their valves and began flushing it 1250 times a day, seven days a week. A month passed—another month—the valve had been flushed over 75,000 times—equivalent to five years of hard service. Then the piston was examined for corrosion and micrometered for wear, but it was found perfect...as clean and free from corrosion as when first installed—and the surface didn't even show signs of wear!

The Speakman valve piston is molded of one of the many special-purpose Durez plastics that we have developed through our years of research. When you are considering plastics for any application, let us help you and your custom molder select the plastic best fitted to the job. General Plastics Inc., 75 Walck Road, North Tonawanda, New York.

"IT'S A TOUGH JOB FOR ANY PLASTIC", says Speakman Executive

Reports W. A. Speakman, Jr., President of the Speakman Company: "Our tests have shown that the special Durez molding compound used for our Si-Flo flush valve pistons will not corrode or swell after years of immersion, will not crack under sudden temperature changes—and surprising as it may seem, this Durez piston shows no measurable wear such as would be found with a metal piston."

W. A. Speakman Jr.

DUREZ

PLASTICS THAT FIT THE JOB

Clients served:

Liggett & Myers Tobacco Co.
Western Electric Company
Loose-Wiles Biscuit Co.
Graybar Electric Company
Association of American Soap
and Glycerine Producers
Group IV
N. Y. State Savings Banks Assn.
Bank of the Manhattan Company
Bigelow-Sanford Carpet Co.
American Telephone & Telegraph Co.
(Trade Mark Service Division)
The Equitable Life Assurance Society
of the U. S.
Copper & Brass Research Assn.
Trans-Atlantic Passenger Conference
White Rock Mineral Springs Co.
I. C. Smith & Corona Typewriters Inc.
The Texas Company
(Magazines and Newspapers)
Beech-Nut Packing Company
(Food Products; Oralene Gum)
Hartford Fire Insurance Company
Hartford Accident and Indemnity Co.

**Newell-Emmett
COMPANY**

Advertising Counsel

40 EAST 34th ST., NEW YORK



**HOTEL
Lennox**
SAINT LOUIS

OVER 50% OF ALL ROOMS \$3.50 OR
LESS. SINGLE. \$3.00 OR LESS. DOUBLE

See
**WOODSTOCK
TYPEWRITERS**

ing was properly applied and processed. Others, too intent on cheapening the process, applied the acetate so inexpertly that laundries everywhere were forced to shoulder the blame for collar blisters, yellowings, wrinkles, and cracks, plus a tendency to wear out from 25% to 50% faster than an unfused collar.

Over a period of years, the owners of the Trubenizing process of fusing collars have developed the Benifold method of separating the outer ply of the collar from the fused lining at the fold line, and their manufacturing licensees have been enabled to furnish shirts with satisfactory lasting and laundering qualities. Ideal from a wearing standpoint is the strictly unstarched soft shirt. It is therefore significant that such shirts will outlive only two or three more wearings than shirts with good fused collars.

Cheap fused collars continue to bedevil the laundries. One type of fusing contains a plasticizer which softens during washing and resets under a hot iron. Eventually some of the plasticizer washes out, taking with it some of the cellulose acetate. If all the acetate goes out, the laundries are forced to add starch. Then when the collar winks in wearing, the laundryman takes the rap.

Just coming over the shirt and laundry horizon is the new Linefold collar construction which was being introduced to the men's wear trade in New York this week by New Era Shirt Co. Retailers who have also taken many a rap from cheap fused collars seem to show signs of stocking up; laundrymen who have seen Linefold think that its bias unfused strip in the lining right where the collar folds will solve the problem of securing a smooth fold and will minimize cracking.

Checking Radio Checkups

Advertisers ponder differences in program ratings reflected in the Crossley and Hooper reports, study ways of achieving sure-fire audience measurements.

WHEN an advertiser buys space in a newspaper or magazine he is guaranteed a certain number of readers who will be exposed to his advertising. But how reliable a guarantee has he got of the size of his radio audience? That's the bee that's started buzzing in the advertiser's bonnet again this month.

In 1930, Crossley, Inc., started measuring the size of a radio advertiser's audience under the supervision of the Association of National Advertisers. In 1934 the A.N.A. and the American Association of Advertising Agencies took over the management of Crossley's radio bureau, turned it into a mutual, non-profit organization, and gave it the name of the Cooperative Analysis of Broadcasting. In 1934, a rival organization, Clark-Hooper, Inc., moved into the field, began to operate with a different research technique. More recently, it has established a regular reporting service.

Methods of Checking Audience

Both organizations check the size of a program's audience by sample telephone surveys. The C.A.B., using the "recall" method, does its checking at four times during the day, 9:05 a.m., 12:05 p.m., 5:05 p.m., and 8:05 p.m. Clark-Hooper (now known as C. E. Hooper, Inc., since the splitting-up of the two partners this month) uses the "coincidental" method, making its calls while the program being checked is still on the air.

Both methods have their champions. Advertisers may praise one and damn



ARCHIBALD M. CROSSLEY
He began the business of measuring radio listening audiences.

the other, but a good part of them subscribe to both services because they are not only interested in how many are listening at a given moment, which the coincidental method is specifically designed to measure, but how big an impression their program creates—a memory factor implicit in the recall technique.

Last fall Colgate-Palmolive-Peet, seventh largest radio advertiser last year, set the trade humming when it checked up on C.A.B. by means of a private survey using the coincidental method. The results of that survey served to stir up the controversy over radio program circulation all over again.

Now another advertiser has stepped



C. E. HOOPER

Using the "coincidental" method, he reports more listeners.

into the fray. John H. Platt, advertising director of the Kraft-Phenix Cheese Corp., recently announced, with some petulance, that "we have not at the present time discovered the ideal method for gauging accurately what we buy when we buy radio, so far as circulation is concerned."

That statement is borne out by a comparison of the two reports. In the Crossley report for the week ending May 10, and the Hooper report for the week ending May 7, the popularity rankings of the first five big programs were in agreement—Chase & Sanborn, Jack Benny, Lux Radio Theatre, Bing Crosby, Fred Allen. Then comes the parting of the ways. Crossley's No. 6 program is Al Jolson; Hooper's is Major Bowes. Crossley's No. 7 is Burns & Allen; Hooper's is the same. Crossley's No. 8 is Rudy Vallee; Hooper's is Maxwell House-MGM. Crossley's No. 9 is Eddie Cantor; Hooper's is Al Jolson. Crossley's No. 10 is Maxwell House-MGM; Hooper's is One Man's Family. And from that point on down the list, the discrepancies become even more marked.

Differ in Size of Audience

Not only are there variations in the rankings, but, as a checkup by one of Hooper's clients makes clear, there is a big difference in the size of the audience shown by the two methods. On quarter-hour daytime programs, for example, the coincidental method showed an audience 94% greater than the one shown by the recall method, on programs broadcast 4-5 hours before the recall check was made. When the time lag between the broadcast and the recall checkup is shortened, the percentage differential is sharply re-

duced—down to 22% on programs checked by recall after 1-2 hours.

Since most programs in this survey were 15-minute dramas, scarcely distinguishable one from the other after a certain time has passed, the coincidental audience naturally appeared larger. However, the great big hour show—the kind that keeps them home from the movies—sometimes comes off higher on recall than on coincidental, because such shows make a big dent in the listener's consciousness.

Advertisers can thus find these reports indicative of trends—get a good idea of where they stand. They can't (though they do) take a Crossley or a Hooper rating as the last word.

The last word in radio research is still far over the horizon. The next development in that field is certain to be

some sort of mechanical device attached to a radio set that will record when the set is turned on, the station it's tuned to, when the dial is switched, and to where. The A. C. Neilson Co. in Chicago has been working on such a device for the past two years, calling it an audimeter. Now being tested and perfected, the audimeter, originally developed by Prof. Robert F. Elder of the Massachusetts Institute of Technology, may be in use in another year.

Meanwhile, Hooper and Crossley have been tightening up on their research. Hooper has recently started to check daytime programs, while he used to tackle only evening ones, and Crossley's next report is scheduled to increase its sample of the radio audience by 25%, by broadening its base to include low-income telephone homes.



Nine pressure-treated timber bridges were picked at random in New York State and their costs compared with types of other construction materials. They cost a total of \$70,900.00. The estimate for the same bridges if built of other materials was \$283,000.00. These timber bridges will give long, satisfactory service, and have required little, if any, maintenance. The timber for many of these bridges was treated and supplied by The Wood Preserving Corporation, a Koppers subsidiary.

Similar savings are possible by the use of pressure-treated timber in many places in business and industry . . . in structural work, fences, posts, piling, platforms, foundations, piers, tanks, sumps, cribbing, conduit and for other purposes.

KOPPERS COMPANY · PITTSBURGH

Boiler and Power Plants · Castings · Coal and Coke · Coal Cleaning Plants · Coke and Gas Plants · Creosote · Dehydration Plants · DHS Bronze · Fast's Couplings · Fire Hydrants · Industrial Chemicals · Municipal Incinerators · Piston Rings · Plate-Work, Tanks · Purification Systems · Recovery Plants · Sewage Disposal Equipment · Ships and Barges · Roofing · Tarmac Road Tars · Tar Products · Treated Timber · Water Gas Generators · Waterproofing · Valves

K O P P E R S

Wallace Plans Wheat Crackdown

Impending wheat surplus will lead to command for acreage reduction in 1939. Secretary talks of storage loans. Action expected in fall.

A YEAR ago the United States fervently hoped that export demand would devour an impending wheat surplus (*BW*—Jul 10 '37, p. 25). This year, with a much larger surplus in the making, the United States again hopes for an export market—but is readying storage loans to shore up prices.

The Department of Agriculture has been doing a propaganda job for some time. It has its new farm law, embodying the ever-normal granary. It is prepared for a great hue and cry the first time it cracks down on wheat acreages. It expects that crack-down to come when winter wheat begins to go into the ground this fall. Naturally enough, the department is now trying to sweeten up the farmer against the day when it pops the bad news.

Loans for Buttrressing Prices

Sec. Wallace and his boys, for weeks and weeks, have been advertising the prospect of a bumper wheat crop in 1938. They now have gotten around to the point where they are offering the

farmer storage loans in the coming autumn to help him carry his surplus and to buttress prices. (The new farm law makes such loans obligatory; the system is complicated, but it probably will call for loans at 70¢ to 75¢ a bu.) Wallace will shortly point out to farmers that overplanting was largely to blame for the fall in wheat prices from \$1.30 a bu. a year ago to 80¢ now. Hence the inevitable conclusion:

"You've got to reduce acreages for harvest in 1939!"

Behind all this discussion there is a barrellful of figures. For purposes of wheat, these are hung around the dates of July 1 to June 30, the crop year.

First off, the prospect is that the United States this year will harvest in the neighborhood of 950,000,000 bu. of wheat. (Black stem rust and red leaf rust have appeared; grasshoppers and cutworms may further alter the prospect.) Onto this prospective bumper crop must be added the July 1 carry-over which probably will be 200,000,000 bu. That's a total supply of 1,150,-

These Countries Sell Wheat

(Net exports in millions of bu., 000,000 omitted.)

| Crop Year | United States | Canada | Argentina | Australia |
|-----------|---------------|--------|-----------|-----------|
| 1937-8 | 90* | 80* | 70* | 130* |
| 1936-7 | 18.2† | 194.5 | 164.7 | 305.8 |
| 1935-6 | 30.7† | 246.2 | 78.3 | 110.6 |
| 1934-5 | 4† | 169 | 187 | 108 |
| 1933-4 | 26.5 | 198.2 | 144.9 | 86.5 |
| 1932-3 | 32 | 267.2 | 120.3 | 138.6 |

*Estimated on the basis of 10-month figures.
†Net imports.

These Buy

(Net imports in millions of bu., 000,000 omitted.)

| Crop Year | Germany | British Isles | France | Italy |
|-----------|---------|---------------|--------|-------|
| 1937-8 | 29 | 200 | 21 | 10 |
| 1936-7 | 23 | 199 | 7 | 54 |
| 1935-6 | 4 | 220.8 | 7.9 | 11 |
| 1934-5 | 11.2 | 202.1 | 17.4* | 10.4 |
| 1933-4 | 4.5* | 216.1 | 18.2 | 10.3 |
| 1932-3 | 8.8 | 217 | 38.9 | 13.2 |

*Net exports.

000,000 bu., whereas last year's crop of 874,000,000 bu. and carryover of 91,000,000 added up to 965,000,000 bu.

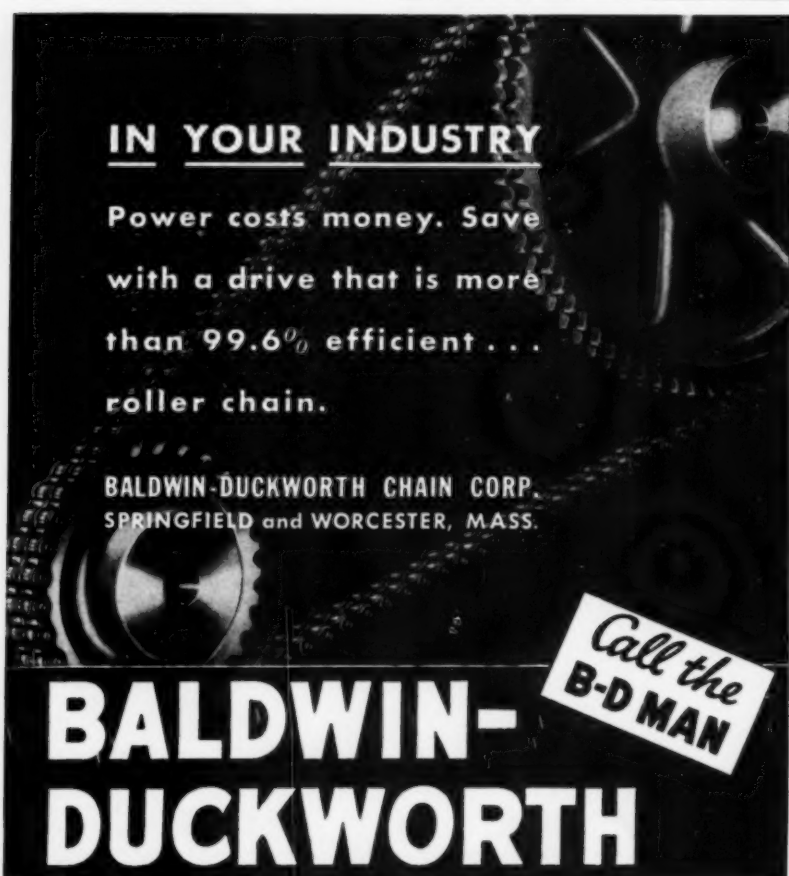
Those figures are significant in the light of domestic consumption which averages around 670,000,000 bu. Thus with a supply of 1,150,000,000 bu. staring the country in the face, the 1938-9 surplus (without allowing for exports) would appear to be 480,000,000 bu.

In an average year, all the importing countries together don't take much over 500,000,000 bu. of wheat. Tariff walls, trade agreements, barter arrangements, and the like help to allocate that market. In the current season when Canada and Argentina had virtual crop failures, the United States hasn't gotten more than a 90,000,000-bu. slice of the foreign market. In the crop year which starts next July 1, Uncle Sam will be lucky to export anything like 90,000,000 bu.

Competitors of United States

In the first place, Canada expects a normal year after last year's disastrous 182,000,000-bu. crop. Upwards of 300,000,000 bu. might not be a wild guess, which would mean over 200,000,000 bu. for export. Canada alone could supply the mother country's annual imports of a little over 200,000,000 bu. Argentina and Australia—they're just now seedling their winter wheat for the new crop year—will be ready to compete with the U. S. for the remaining 300,000,000 bu. in foreign trade. Not to mention Russia and the Danubian basin.

Thus even the drought around the Mediterranean doesn't mean big demand for U. S. wheat. Italy is hardest hit. Its crop may be 40% below last year's 295,400,000 bu., or about 180,000,000 bu. But Italy barter when it can, and favors Argentina for wheat.



IN YOUR INDUSTRY

Power costs money. Save with a drive that is more than 99.6% efficient... roller chain.

BALDWIN-DUCKWORTH CHAIN CORP.
SPRINGFIELD and WORCESTER, MASS.

BALDWIN-DUCKWORTH

Call the B-D MAN

Business Abroad

Tensions are easing in Europe. Mexican situation is unsettling to business, but is still under control. Moscow sends reserve workers to trouble spots. France starts pump-priming.

NEITHER side is going to yield an inch unless it is forced to in the present Czech crisis, but no European capital expects war to come this summer. Real danger now is that some serious border incident will develop while embittered troops are facing each other along the winding Czech-German frontiers.

More serious to business was the further drop in commodity prices this week to new low levels. This had a greater influence on the down trend of British business than the war scare.

The Cardenas government is expected to maintain control of the situation in Mexico, but Washington officials are nervous over the possibility that the "revolution" will not be decisively settled, and that labor organizations will continue to force Cardenas to move more rapidly and more radically than he wishes. There is also concern over the possibility of the spread of this "fever" to other Latin American countries.

Far East

Italians may get trade concessions in Japanese Empire. Rising prices curb sales of goods for export.

TOKYO — Several developments are growing out of the negotiations between the Italian economic mission, now in the Orient, and Japanese officials which promise to be important enough to be taken into account by American business when formulating future plans in the Orient.

Not only do the two nations plan to conclude a general trade treaty, but each is prepared to include in this pact provisions covering trade between the two new empires. Also, they agree to take measures to prevent friction between Italian and Japanese commodities in the markets of third countries.

The announcement that they will study the possibilities of Italian investments in North China becomes significant only when it is understood that Japan expects Italo-French-British rapprochement to develop to the point where Italy will get credits from London, and possibly Paris, which will enable her to make commitments in the Far East.

Tokyo admits that so far business between the two countries is about as small as it could possibly be between

two such important nations. Japanese shipments to Italy have never quite reached \$3,000,000 in any one year, though they have been consistently larger than Italian imports into Japan.

There is readiness in Tokyo to let Italy come in for a larger share of machinery and aircraft imports, if Italy is willing to increase her takings of Manchurian produce, notably coal and vegetable oils.

Two buyers for American department stores, C. Kaiser and E. Rosenfeld, have left for New York after their annual buying trip to Japan. They declare that the American boycott against Japanese goods has not affected them much. In fact, they point out that mounting costs in Japan had a greater influence on their buying this year. In a depression market, Japanese goods have run into far keener competition. Also, costs in Japan are rising because of the war.

Japanese protests over the inefficiency of the Japanese government's telephone monopoly (BW—Apr 9 '38, p18) are bringing results. The

Communications Ministry intends to present to the Diet at its next extraordinary session a bill providing for measures to popularize the use of telephones, and to turn the business over to private operators, though they would still be responsible to the government.

France

Daladier decrees pump-priming, 40-hour week modification, cheap credit for business expansion.

PARIS—(Wireless)—France has received its second set of Daladier decrees, and the public reaction is favorable. Though business has been alarmed over developments in Czechoslovakia, there is little thought that war will grow directly out of the present tension and considerable confidence that the worst has passed.

The newest decrees cover four points:

1. More than \$300,000,000 has been appropriated for a public works program which will get under way at once.

2. Arrangements are being made for the Bank of France to assist private banks in the lending of capital to private business at low rates of interest.

3. A housing and slum clearance program will be started with government backing.

4. The rigid 40-hour week will be



HITLER OF CZECHOSLOVAKIA—Konrad Henlein, leader of Czechoslovakia's 3,500,000 Germans who demand autonomy and complete equality with the Czechs at once, and hope a way will be found soon to reunite with Germany.

modified to a 2,000-hour year, making it possible for employers to adjust hours to seasonal demand.

In addition to these decrees, two other developments are of interest to business:

1. The government has placed a quota on imports of motor trucks, parts, and chassis, which will reduce imports considerably below last year's levels.

2. Several free ports are planned in France to encourage trade in French ports and French colonial products. At the same time, credit insurance facilities are to be increased.

One striking bit of evidence that France has considerable confidence in the Daladier government is the announcement that private utility interests have already announced plans for more than \$80,000,000 of new hydro-electric power installations.

Americans interested in French trade are anticipating the visit of a French economic mission of 50 industrial and banking leaders, who are to sail for the United States on June 6 to spend six weeks visiting factories and talking with business leaders in the United States and Canada.

Soviet Union

Production lags, following purge, but new shock workers have been rushed to factories where output has been most curtailed.

Moscow (Cable)—Soviet industrial production is still suffering from the effects of last year's purge. The general trend of output has turned up since the first of the year, but it is a ragged line because some branches of industry are still doing badly.

In a desperate move to clear up the last difficulties, Kremlin officials have rushed 600 of heavy industry's most efficient troubleshooters to places where the most serious breakdowns have occurred. Lagging most seriously are the aluminum, coal, metallurgic, and gold mining industries. They dropped behind last year's April production last month, and failed to show any improvement over this year's March output.

Ten branches of heavy industry, however, increased their production in April. They included the all-important electric power, steel, and oil industries. The defense industries are keeping up with their Five-Year Plan schedules.

May output is expected to show spectacular gains for during this month the Russians are celebrating Stakhanov Month. The competition between workers which this creates is still Russia's most successful method of increasing output.

Germany

Reich expects to get minorities in Czechoslovakia without force. Business is calm.

BERLIN (Cable)—Germany is angry over the show of force against her plan to settle the Czech question quickly and according to the "plans" laid by Berlin. Nevertheless, it is believed in official circles here that force will not be risked now. It is expected that, by acting cautiously, the Prague government will be forced to grant the Sudeten Germans self-government. Once this is granted, they can organize

themselves for eventual incorporation into the Reich, and then assert a propitious international constellation for reunion with Germany. Such a plan undoubtedly has the approval of the British, and probably of the Italians.

In the meantime, conditions in the territory occupied by the German minority in Czechoslovakia are working in favor of the Reich. It is a highly industrialized region, with the great Skoda Works—largest arms manufacturers in Central Europe—in the heart of it. War-scared foreign importers of the goods which comes from this region have in the last few months sharply curtailed orders because of the fear

FOREIGN ANGLES

ARGENTINA promises to be a growing market for air conditioning equipment. The General Electric Co. has just moved its Argentine offices, shops, and warehouse into a new building in Buenos Aires which is completely air conditioned. At about the same time, the Central Argentine Railway put into service a new air conditioned luxury train to be known as *El Cordoba*, which is to operate on a day-time schedule between Buenos Aires and Cordoba. The train has four coaches, accommodating 56 persons each, and two combination dining-club cars, equipped with bar.

BATA, Czechoslovakia's famous firm of shoe manufacturers, is now making a galosh type of rubber shoe for cattle to be used for protection against the spread of hoof and mouth disease. Bata claims that the shoes will keep hoofs absolutely dry. Czechoslovak research institutes are carrying on tests at agricultural schools.

VENEZUELANs are in the market for American machinery, and are asking that American manufacturers send catalogues to the Venezuelan government's Department of Industry and Commerce, at Caracas. So far, almost all of the catalogues received have come from German and British firms.

ALL CHILEAN bonds will shortly be in good standing again on the New York Stock Exchange as the result of an agreement between the government of Chile and the Foreign Bondholders Protective Council, Inc., on the status of certain Chilean obligations. For more than two years, some Chile bonds have not been "good delivery" on the floor of the exchange. This unusual dis-

crimination developed out of the Chile government's offer in April, 1936, to redeem for a small amount of cash certain matured coupons on its outstanding bonds. At the time, the Bondholders Council argued against the offer—observing that acceptance might "extinguish the original responsibility of the debtor." Immediately thereafter, the Exchange ruled that holders who accepted the offer could not trade their bonds on the exchange. Now, the Chilean government has passed a law stating that acceptance of its original offer will not be construed as altering the country's responsibility for the original debt. Result: the New York Stock Exchange has agreed to revise its ukase against the "assented bond." It is one of the rare occasions in which the Exchange has played a part—albeit an indirect part—in foreign debt negotiations. And it may turn out that the Chilean deal is a precedent for similar activity in foreign debt problems—presumably in cooperation with the Bondholders Council.

P. S. The Council still does not regard the offer to redeem matured coupons as satisfactory.

THE summer travel season, which gets under way officially with the Decoration Day weekend, is likely to show a slump of nearly 45% in the foreign tour business, according to some travel authorities. These same people declare that domestic business will benefit, may possibly keep up to last year's good levels.

PAN AMERICAN AIRWAYS has announced reductions in fares on its Bermuda service for the summer. The new rates are \$70 for one way and \$120 for the round trip. These compare with \$85 and \$150.

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Who's Who In Canada



WILLIAM D. BLACK—Slated to become president of the Canadian Manufacturers' Association at its annual meeting to be held in Ottawa, June 1-3. He is general manager of the Otis-Fensom Elevator Co. Ltd., Hamilton, Ontario.

that the Czechs will find it impossible to make delivery. At the same time, the flight of frightened Jewish capital from Prague is spreading nervousness. Unemployment, under these conditions, is bound to increase and will, in turn, work in favor of the Germans.

German business shows almost no effect of the week's tense crises. With the exception of the Bourse, which was seriously unsettled from Saturday, all other business is so completely regimented that it failed to react.

There are very few unemployed persons in Germany now, and industry is as active as it was a year ago, but there is no question that government orders of materials for public works and the rearmament business are responsible for much of the activity. Real problem facing the Reich officials is the need for shifting this responsibility back to private business, without precipitating a slump.

Evidence is accumulating that Germany has no idea of shifting the full responsibility for employment back to private management abruptly. This week, Hitler went to Munich to inaugurate work on the great municipal subway system which is to be built there, and later to Fallersleben where he laid the cornerstone of the vast factory in which the 8400 "People's Automobile" is to be built. After trying for three years to get the Ford or General Motors plants in Germany to turn out a very cheap car, Hitler last fall announced that the project

Go **DOUGLAS**
... All the Way

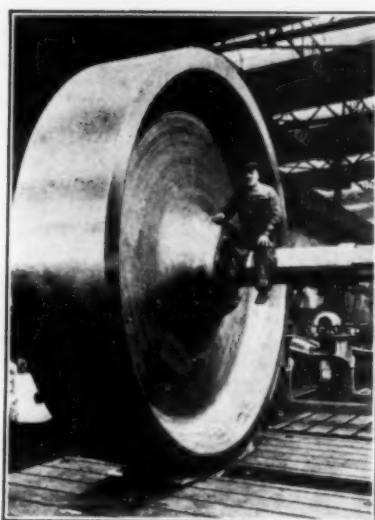
From journey's beginning to end your itinerary can insure Douglas speed, comfort and security on all five continents. When change of planes is necessary, it is satisfying to step from one Douglas into another. This universal service is made possible by airline recognition of the economy and efficiency of standardizing on Douglas equipment plus the preference of passengers for Douglas airplanes. Note below the connecting airlines throughout the world that standardize on Douglas transports. Douglas Aircraft Co., Inc., Santa Monica, California.

"GO DOUGLAS" ALL THE WAY ON THESE WORLD-WIDE AIRLINES

NORTH AMERICA: American Airlines Inc. . . . Braniff Airways . . . Eastern Air Lines . . . Pan American Airways . . . T.W.A. . . . United Air Lines . . . Western Air Express . . . Wilmington-Catalina Airline . . .
SOUTH AMERICA: Pan American Airways . . . Pan American Grace Airways . . . **AUSTRALIA:** Airlines of Australia . . . Australian National Airways . . . **EUROPE:** A. B. Aerotransport, Sweden . . . Air France, France . . . Avio Linee Italiane, Italy . . . C. I. S., Czechoslovakia . . . K. L. M., Netherlands . . . L. A. P. E., Spain . . . L. A. R. E. S., Roumania . . . LOT, Poland . . . Swissair, Switzerland . . . **ORIENT:** China National Aviation Corporation . . . K. N. I. L. M., in Netherlands Indies . . . Japan Air Transport



Authenticated News



THE SKODA WORKS—at Pilsen, in the German section of Czechoslovakia. Skoda is the country's largest industry, and is the biggest supplier of arms and munitions to all of Central Europe. Its heavy machinery, railroad supplies, and fabricated steel products are formidable competitors in all world markets. More than 40% of Skoda's output is exported. The company is controlled by the vast Schneider-Creusot interests in France, and has branches in Poland and Rumania. The main plant is pictured above; one of its products at the left.

price from three shillings a few weeks ago to well above 15 shillings, in the greatest turnover of a single share since 1936.

Though the flow of French capital from London is dwindling, particularly following the break in the Franco-Italian negotiations and the threat of serious trouble in Czechoslovakia, with whom France has a military alliance, the pound continued to slump on the foreign exchanges this week, dropped to about \$4.93.

Foreign trade returns for April are not very encouraging, in spite of the fact that they show a smaller adverse balance than for many years. Due to buying for the arms program, the balance with the United States is becoming more unfavorable to Britain.

When official industrial production figures for the first quarter were released this week, they showed a gain of a little more than 1% over the same period last year, but this is the smallest gain in several years and there is little prospect that it will be maintained in the second quarter. Though the iron and steel industry, chemicals, and coal are all doing better than last year, there is a terrific slump in the very important textile business. Building plans dropped 24% in April.

First significant repercussion from the shakeup in the Air Ministry a week ago is the report that Lord Nuffield, head of Morris Motors, largest British producer, has agreed to coop-

erate with the government in building airplanes. Because of a disagreement on methods last year, the Nuffield factories did not participate in the government's building program in "shadow plants." Beginning at once, the Nuffield plants will begin construction of plane frames.

Canada

Business is steady. Government begins pump-priming on a small scale.

OTTAWA—Business in Canada remained fairly steady last week. Slight improvement was noted in some branches of wholesale and retail trade. Gains in carloadings indicate a better trend. For the week of May 14, carloadings were ahead of the previous week and only a few hundred cars behind the corresponding week of 1937. The index for bank clearings stood at 85.6 compared with 89.7 for the same week of last year. Bond yields showed a gain. The official economic index as a whole was 107.6, compared with 108.8 the previous week, and 108.4 last year.

Canada continues to feel the effect of reduced purchasing by the United States, April's exports to the southern neighbor being only \$18,000,000, against \$32,000,000 the previous April.

Over-subscription of the Dominion's \$140,000,000 loan, of which \$50,000,000 was in cash, in 30 minutes last week gratified the government but suggests the withholding of capital from private enterprise. The interest rates were low.

Pump-priming on a very moderate scale is being resorted to in this country. Supplementary financial appropriations submitted to parliament last week total \$106,000,000, and include \$40,000,000 for work-creating expenditures. A similar sum for public works had been provided in the main appropriations some weeks ago. The Ottawa government has little liking for pump-priming policy but is obliged to make some attack on continued unemployment.

The provision for Canadian National Railway deficit for the current year is \$42,000,000. The supplementary vote contains over \$4,000,000 for highways, generally left to the provinces.

Delay in treaty negotiations at Washington has disappointed the Ottawa government, which had hoped to have the proposed revision of the United States-Canadian trade pact for submission to parliament this session. The business of parliament has been deliberately stalled in the hope that the pact would be received in time to be dealt with before the legislators went home. Now the government is considering an early conclusion of the session and the calling of a special session when and if the pact is made.

would be undertaken by the government, presumably with a subsidy.

These two projects are comparable in magnitude with the great steel works which are being constructed in southern Germany to utilize the low-grade ores which private industry found it uneconomical to exploit.

Third great project already under way is the rebuilding of Berlin to make it suitable architecturally to be the capital of the new "Greater Germany."

Great Britain

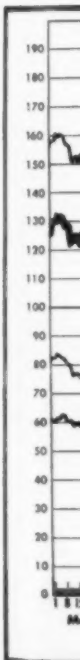
Pound drops to new low. Business is receding slowly. Nuffield will cooperate in government's air program.

LONDON (Cable)—Business reacted to the tense international political situation this week. Trading on the stock exchange was slack, except for a boom in the shares of the new Orange Free State gold mine known as Western Holdings. Wild gambling in the 5-shilling shares of the company pushed the

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Prices
of May,



Money and the Markets

Stock trading in May has been smallest in three and a half years, revealing a delicate balance of opinion which must soon end. Prices affected by failure to conclude New Deal peace with business.

THE month of May, when final results are tabulated, will prove to have been the smallest in point of stock trading since September, 1934. As such, it is significant. A period of exceptional calm on the stock exchanges necessarily means an extraordinary balance of opinion—a balance so delicate that it must soon be disturbed so as to give an important indication of the trend of things to come.

Total transactions reported on the New York Stock Exchange's ticker tape for May apparently will total about 13,400,000 shares. Never since September, 1934, when only 12,635,870 shares were traded, has a month's volume been so small. Big Board transactions for the last 29 months compare as follows:

| | 1938 | 1937 | 1936 |
|------------|-------------|------------|------------|
| Jan. | 24,151,931 | 58,671,416 | 67,201,745 |
| Feb. | 14,526,094 | 50,248,010 | 60,884,392 |
| Mar. | 22,995,770 | 50,346,280 | 51,016,548 |
| Apr. | 17,119,104 | 34,606,839 | 39,609,538 |
| May | 13,400,000* | 18,549,189 | 20,613,670 |
| June | | 16,449,193 | 21,428,647 |
| July | | 20,722,285 | 34,793,159 |
| Aug. | | 17,212,553 | 26,563,970 |
| Sept. | | 35,854,188 | 30,872,559 |
| Oct. | | 51,127,611 | 43,995,282 |
| Nov. | | 29,254,626 | 50,467,182 |
| Dec. | | 28,422,380 | 48,600,177 |

* Partly estimated.

Prices of stocks rose in the first half of May, reflecting Washington's mone-

tary necromancy and the hope that government would make peace with business. Prices have sagged throughout the last two weeks on disappointment over failure of the money magic to "take." Also, no real peace between the New Deal and business seems to have been concluded.

In commodities, prices are at new lows. That, to many observers, is the most disappointing thing of all, because it specifically casts doubt on the ability of the Washington money managers successfully to dictate trends.

For Customers' Sake

Chairman of SEC asks that New York Stock Exchange establish a trust company.

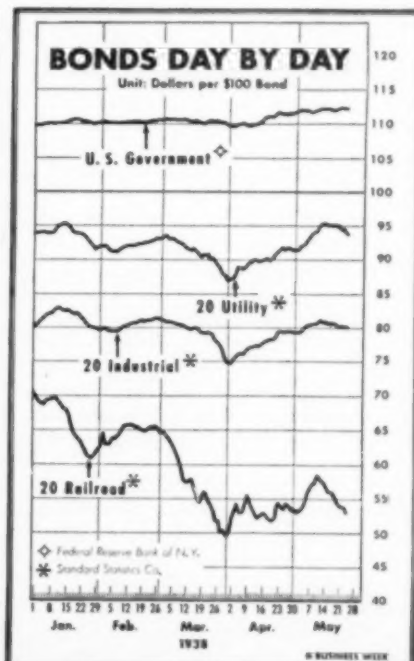
WHEN William O. Douglas, chairman of the Securities and Exchange Commission, made an offhand proposal last week that the New York Stock Exchange organize a trust company in order to protect customers of brokerage firms, Wall Street wondered what it was all about. But a suggestion by a government official is not to be sneezed at these days—no matter how vague that suggestion seems—and the executive committee of the exchange

this week formally considered the proposition.

The idea of a trust company to serve as custodian for securities of member firms is not new. When the exchange bought the Lee, Higginson building on Broad Street some six years ago, it planned to establish a central depository for securities—as a means of cutting down expenses of brokers. Transfers of funds and securities from one firm to another would be automatically made by the trust company, the proposed name for which was "Security Deposit Co."

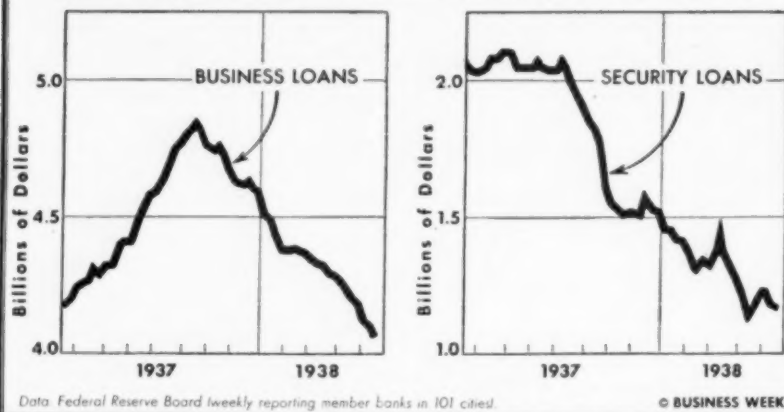
Something more than just mere deposit of securities in a central spot is necessary to protect customers from insolvency of brokerage firms. Perhaps the SEC chairman has in mind a trust company which would set up separate custody accounts for each customer of brokers. This not only would duplicate existing banking facilities, but would require a vast establishment. One of the largest banks in the country has only 60,000 commercial accounts. A special trust company for brokers' customers would have to be big enough to handle from 350,000 to 450,000 separate accounts.

Moreover, brokerage clients today can establish custody accounts with New York banks if they want to insulate themselves from brokerage mishaps. And the exchange probably could afford more direct protection in less expensive ways. Some brokers have suggested establishing a solvency fund, either by contributions by members according to size, or by a tax on trades. Others have suggested fidelity bonds for partners of firms as well as employees. But here the difficulty is



WHY THEY BORROW

System of segregating bank loans according to purpose has first birthday



Data: Federal Reserve Board weekly reporting member banks in 101 cities.

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IN May, 1937, the Board of Governors of the Federal Reserve System instituted a new series of banking statistics to determine not how much was being borrowed by business men, but why they were borrowing. To that end, reporting member banks were asked to break down their loans by purpose. Commercial, industrial, and agricultural loans were put in one category (left-hand chart) to indicate credit going into actual business use, and loans specifically intended to carry securities were segregated.

In cases where securities were posted as collateral for business loans, the loan was put in the business loan category, not in the security loan category. The first week in the "purpose series" of banking statistics was May 12, 1937; so comparisons with a year ago have just become available. The comparisons are not very exciting. Business loans made a peak in October and now are below where they started. Security loans are 57% of what they were—indicating the estate to which speculation has fallen.

that insurance companies hesitate to insure partnerships. To meet this objection, some brokers have suggested that exchange firms be permitted to incorporate (BW—Mar19'38,p16).

President's Report—In these days when constant efforts are being made to humanize statistics, the address of Paul B. Sommers, president, at the 72nd annual meeting of the National Board of Fire Underwriters is interesting. Mr. Sommers, confronted with a bunch of box-car figures, set out to find a human way to present them as well as a way which might point to member companies a few facets of public relations.

He did it in terms of jobs. He figures that if it takes \$7,000 of invested capital to make one job, the two billions invested by stock fire insurance companies are supporting 294,000 workers. Agents and others making their living out of fire insurance but not directly employed by the underwriters total 150,000, and actual office employees number 50,000—a grand total of 494,000.

Headaches for Cartels—Two of the most important cartels controlling supplies of raw materials are making painful decisions just now. The cartels involved are those governing rubber and tin. Both committees have been delaying announcement of third quarter quotas in the hope that consumption

of the products might pick up. Now, however, they face the fact that consumption has not improved and that

even present skinny quotas are too large.

The tin people apparently have approved a buffer pool (BW—4/6/38, p42) to avert a further cut in production. The plan is to maintain production quotas at 55% but to hold shipments into consumptive channels to 40%. The remaining 15% of the basic quota would be accumulated by the pool. This has the effect of keeping producers fairly happy now and will protect consuming industries against the possibility of sudden shortages.

The rubber cartel meeting is to be held Tuesday. The statistics being what they are, a fairly sharp reduction from the present 60% quota seems inevitable. Most observers think the cut will be to 50%.

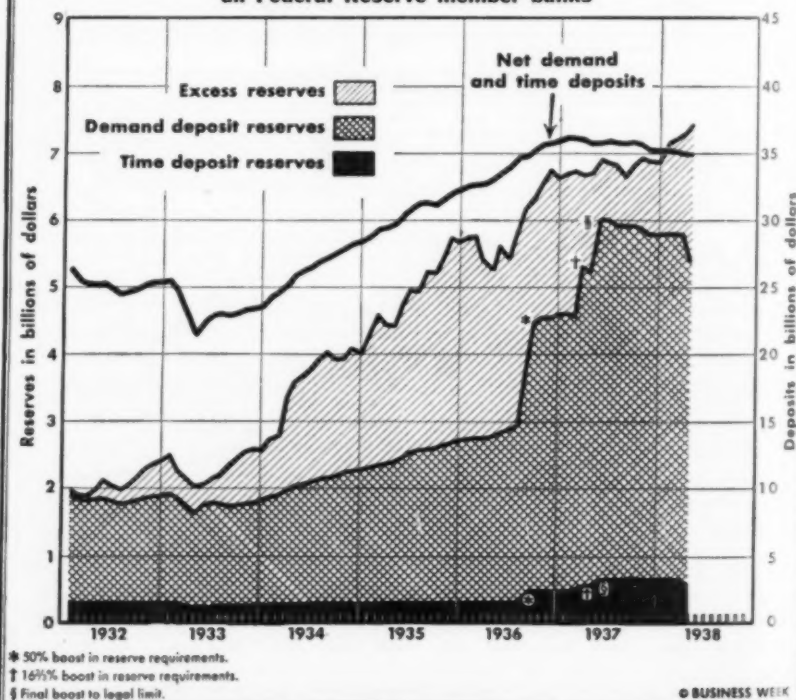
These quota actions won't necessarily put prices up. Firm quotations recently have probably fully discounted favorable news.

Emoluments of Control—The Securities and Exchange Commission devoted months of painstaking study to the subject of corporate reorganizations. It devoted several hundred thousand words to its conclusions and recommendations (BW—May15'37,p48; Jun26'37,p59). And bills have been pending in Congress for a year which would put into effect most of the SEC's proposals.

This week the most important of the three, the Chandler bill, was before

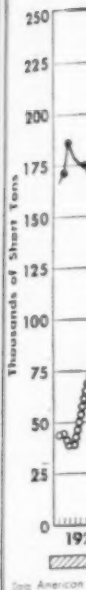
THE CREDIT RESERVOIR

Relation of deposits to reserves of all Federal Reserve member banks



* 50% boost in reserve requirements.
† 16 2/3% boost in reserve requirements.
‡ Final boost to legal limit.

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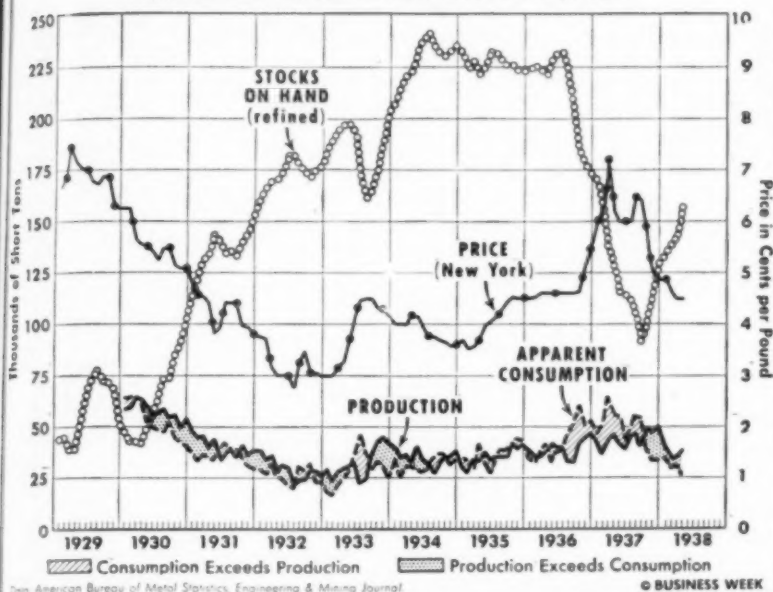
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SUPPLIES OF LEAD RISE AGAIN

Apparent Consumption Smallest Since February, 1934



THE PRICE of lead this week was reduced $\frac{1}{4}\epsilon$ to $4\frac{1}{4}\epsilon$ a lb., and the statistics show the reason why: U. S. production rose in April whereas consumption (as represented by deliveries) slumped to the lowest levels since February, 1934.

the Senate Judiciary Committee, and a couple of its interesting provisions were under close scrutiny. Some objections were raised to the SEC's contention that independent trustees should be appointed in all reorganizations. Firm opposition arose toward the proposal that the SEC be allowed to step in at will as a party to any bankruptcy or reorganization.

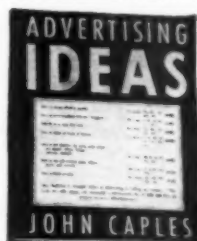
This week the most important of the SEC and to its chairman, W. O. Douglas, who directed the study of reorganizations prior to his appointment as a member of the commission. These provisions are part of SEC's thesis, however Quixotic, that inarticulate minorities and even misguided majorities should be protected.

The whole thing aims at minimizing what the SEC has repeatedly called "the emoluments of control." Independent trustees are necessary, the SEC says, to dig up past sins of managements and to prevent their repetition; and SEC intervention in reorganizations is essential to prevent skulduggery which allows individuals or groups to milk the corporation.

How It Works—The financial and legal fraternities may or may not recall that SEC participation in a reorganization has already been tried. The commission decided that it had a right to step in as a party to reorganizations in the case of companies registered under the Public Utility Act of 1935. On that theory, it applied for and gained standing in the Utilities Power &

Light reorganization (BW—Aug 7 '37, p65).

In the U. P. & L. case, the SEC



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was largely interested in forcing the appointment of an independent trustee. At first the commission met the united opposition of practically all parties to the reorganization. Later Floyd Odlum's Atlas Corp., which owns working control of the utility, withdrew its opposition. The court appointed an independent trustee (BW—Aug 21 '37, p. 37) who has been in charge ever since.

The Utilities Power & Light case is, perhaps, typical of those which the SEC believes it should have an incontrovertible right to enter. A change in control had occurred; the former president, Harley Clarke, was named in suits alleging misapplication of funds; a bitter feud had grown between Clarke and Odlum. These

charges and counter-charges, suits and counter-suits, convinced the SEC that an outside trustee should be brought in to do a thorough housecleaning.

Metals for Sale—Prices of important non-ferrous metals have slumped to the point where only the most fortunately situated producers can make any money. Fewer still could show profits without the government-sponsored bounties on by-product metals such as silver and gold.

Copper now is 9¢ a lb., zinc is 4¢, and lead 4½¢. Each is the lowest price since 1935. This raises an old and somewhat pointless argument as to whether it's overproduction or underconsumption. Obviously more metal is being produced than is being used. Yet the miners can make a pretty good case for themselves as to the extent to which they have cut output.

Mine production of copper in April was 41,698 tons against 77,440 in the peak month of 1937; output of lead in April was 37,997 tons compared with a 1937 top of 47,423; zinc production in April was 38,035 against 55,012. Those reductions amount to about 46%, 20%, and 31%, respectively. Pretty drastic, to be sure, but not so drastic in the light of consumption.

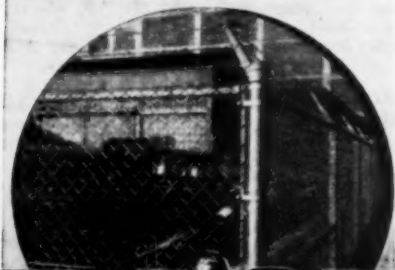
Deliveries to consumers are the only figures made public on consumption. These aren't a wholly reliable index to actual consumption, because the manufacturing industries sometimes buy more than they need and subsequently order sparingly while they chew up accumulated inventory. But it all averages out. Apparent consumption of copper in the first four months of 1938 averaged 29,346 tons against 86,534 in the like 1937 period; for lead the figures were 30,516 against 53,680, for zinc 25,201 against 53,511.

King Cotton Abroad—During a good part of the current crop year. American cotton cut quite a figure in international trade. Prices for the American product, relative to other types, were cheaper than usual (BW—Apr 30 '38, p. 50). The result was that our exports of cotton toward the end of January were running about 400,000 bales ahead of the similar date in the preceding cotton season (the cotton year runs from Aug. 1 to July 31).

Since January, however, the price advantage of American cotton over other growths has been disappearing. Recently the American product has been, if anything, a mite too high. And, correspondingly, exports have been dwindling. Where the advantage over a year ago once stood at 400,000 bales, it has now shrunk to 149,143. Exports from last Aug. 1 to the middle of this week were 5,472,378 bales, against 5,323,235 in the corresponding period of the previous year.

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Doublet. for the oc.

Editorially Speaking—

So it's the Patman-Robinson Anti-Price-Discrimination Law—get that? And it's the Pittman-Robertson Wild Life Restoration Law. And please don't confuse the two. But what are you going to do if a Robertson arrives in the Senate to collaborate with Rep. Patman of Texas, as the late Joe Robinson of Arkansas did; or if Sen. Pittman of Nevada and Rep. Robinson of Utah give their names to a Pittman-Robinson law, differing substantially from the Patman-Robinson Wild Life Restoration Law and the Pittman-Robertson law prohibiting discriminatory prices?

"Young Englishman, cultured, seeks post as private masseur."—*Want ad.* Cultured or not, he's got to get his exercise.

A CERTAIN salesman, it seems, made a bet with some friends that he could dress as a woman and get away with it; but after changing costume and adapting his mannerisms and his voice to his temporary role, he accidentally locked himself out of his car and had to ask a policeman for help in opening it. During this brief conversation, says the Associated Press, "he momentarily lapsed into his normal voice." Quite an inappropriate time to lapse.

AMERICAN archeologists have discovered the site of King Solomon's seaport on the Red Sea. Now known to the Arabs as Tell el-Kheleifeh, it was called Ezion-geber in Biblical times. There, with the help of Hiram, king of Tyre, Solomon built a merchant marine. And no doubt both Solomon and Hiram paid lavish and insincere compliments to each other, and boasted of their might, and promised that no machinations of rivals should ever enfeeble the Jerusalem-Tyre axis.

Most of us, surely, have given little thought to Hiram but have preferred to expand on the slender Biblical story of Solomon and the Queen of Sheba. The general idea, long accepted, is that Solomon was the boy to whom the Queen of Sheba gave the golden key of her door. But Prof. Millar Burrows of Yale, who is president of the American Schools of Oriental Research, comes out crudely with a prosaic, commercial suggestion. "It is probable that the visit of the Queen of Sheba, which is narrated immediately after the construction of the merchant fleet, was inspired in part by the fear that Solomon's marine enterprise would diminish her revenues from the trade which passed by caravan through her territory."

Doubtless she put on her war paint for the occasion, and showed all her

teeth in her prettiest smile; but her trip was strictly business. And if you want to find her modern counterpart, don't look to Hollywood; go to any large department store and hunt up its 10 best-paid women.

THE most amusing ad we've seen lately is the one that's headed, "My friend, Joe Holmes, is now a horse." It begins:

"Joe always said when he died he'd like to become a horse.

"One day Joe died."

And so on, clearly, as terse as possible, every word effective. Joe, it seems, is now wearing a comfortable horse-collar, a great relief after the shirt collars that always used to shrink and murder him. But ah, Joe's friend tells him, if Joe were still alive he could get as much comfort from Arrow shirts, which never shrink (so says Joe's friend). The ad is intended to sell Arrow shirts, and we think it will. Some humorous advertising makes you chuckle but doesn't sell the goods. An ad that can do both is worth applause, and we think that Joe Holmes' friend the copywriter, whoever he may be, deserves some special laurels in this merry month of May.

FROM A. E. Dawson, of Toronto, flow these remarks on our recent remarks on someone else's statement that Toronto banks are said to lose \$25,000 a year in ink "filched by persons filling their fountain pens":

"\$25,000 would probably buy 75,000 gallons of ink. Of our 10 million people, probable less than two million own fountain pens. Of this probably less than one million ever find their way into a bank. Of these, 5% would be a generous estimate of those filching bank ink. 50,000 people, using 75,000 gallons of ink, figures 1½ gallons of ink per filcher—a lot of black ink these days. Usually—nay, almost invariably—I have found *Business Week* as accurate as it is informative and interesting—but this time I fear, alas, your foot has slipped!"

Look, let's get this straight, Mr. Dawson. First, don't ever expect accuracy on this page; it's meant to stand out in black and horrible contrast to the rest of the magazine. And second, it wasn't our foot, it belonged to a chief accountant of a Toronto bank. And we think something should be done about it. All banks should be accurate. Especially all Canadian banks, their tradition being conservative. And who should be the accuratest man in all the world if not the chief accountant of a Toronto bank? Yet the foot of such a man appears to have slipped in 75,000 gallons of imaginary ink.



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BUSINESS WEEK

The Journal of Business News and Interpretation

MAY 28, 1938

Where They Can Learn

At lunch the other day, one of our most conspicuous industrial leaders permitted the conversation to linger on the subject of public relations. His corporation has been more than ordinarily bedeviled and his whole industry harassed by problems in that field. We were pointing out that regrettably few corporation executives have any conception of the urgent problems and responsibilities of public relations and how rare is an appreciation of what seems to us an obvious fact, that the great and recent wave of social upheaval will not return to "normal." We tried to get over the point that more than ever before, and in a constantly increasing degree, business will be conducted by political consent and that the degree of its success will depend, partially at least, on public tolerance and political condescension.

"You scold so beautifully but you don't do anything to help," was the response. "Most business men agree in principle with what you say, but they have only hunches and vague fumbblings to guide them. They don't know whether public relations is a business or a cult. Probably three out of four of them have made costly and well-intentioned gestures toward public goodwill, only to have their schemes explode in their faces.

"We know there's something more to it than just hiring a press agent, but you won't accomplish much until most corporation executives understand the basic philosophies of public relations work, sincerely sympathize with its purposes, and are familiar with some of its technique. Why don't you do something about that?"

All right. We've generated an idea and we'll toss it back to our executive friend for execution. All he has to do is to sign a check for a thousand dollars and buy a ticket to Princeton. We haven't talked to the Princeton folks yet, but we believe and hope it's just that simple.

Suppose that a certain proportion of industrial executives realize that in the experience of the next generation public relations will be just as important as production, marketing, or finance. They can't learn the first as they did the other three—in the school of hard knocks over a period of 20 to 30 years. Nor can they quit business for a year or two to return to school. But in a seminar or study group of not more than 15 or 20 searchers, they could ac-

quire ample background for their current needs if the seminar were conducted by a considerable group of really able men, of whom a few are available in both the academic and the practical fields.

Having these considerations in mind, we suggested Princeton first because it has what is probably the best school of public relations, under the active direction of Prof. Harwood L. Childs, undoubtedly one of the leading students and teachers in the field. Princeton is close to the greatest concentration of corporate headquarters and executive headaches. Princeton has a reputation for understanding such problems and helping to solve them.

We happen to know, from previous experiments, that a seminar of a week to ten days, attended by 15 or 20 self-starting participants, entails an out-of-pocket cost to the university of a thousand to fifteen hundred dollars. So, if Princeton tolerates the idea, our executive can simply send his check for a thousand dollars to Prof. Childs and he will be paying the way of himself and a score of other truth-searching executives, through what undoubtedly would be one of the most constructive and effective business seminars ever held. If there were a hundred such executives instead of 20, they would have to dig up \$5,000 between them, or perhaps one of our great foundations or industrial associations would finance the project. Let's talk to Prof. Childs about it, anyway.

Marching On from Failure to Failure

Having wholly failed in Alberta, Social Credit marches on to possible electoral victories in neighboring Saskatchewan. What Social Credit is, neither Alberta nor Saskatchewan has ever understood, nor is there any likelihood that it will; but Premier Aberhart of Alberta soars to oratorical heights, and Alberta and

Saskatchewan get a general idea that Social Credit means an all-age Townsend Plan, and why shouldn't all ages vote for that? Besides, the eloquent Aberhart has another inducement, of mighty appeal. It is the mortgage moratorium.

The Ottawa federal administration and the courts have barred much of his legislation as illegal, and so he can blame them for his failure. But a much more interesting question is why his program has appealed to many Albertans and Saskatchewanians. Their problems are not those of industrial civilization, which has been pilloried for modern distress. The two provinces are rural, still on the frontier, still with abundant land. But they groan as some American states groaned half a century ago, under a load of farm indebtedness. Aberhart's panacea is another version of the old populism.

Unified Control of Civil Aviation

One unmistakable benefit arising from the present session of Congress is the passage by both houses of legislation for unified regulation of the aviation industry. Hitherto the industry has been subject to a multiplicity of governmental bosses—the Post Office Department, the Department of Commerce, the Interstate Commerce Commission. Obviously this situation had to be corrected so that the industry might see its way more clearly and be enabled to plan its development, with such governmental guidance as is necessary. Hence corrective legislation was sought in Congress.

The bills that were introduced differed in some respects, but both houses approved the creation of an independent board, with control over airline rates, and with power to issue certificates of convenience and necessity. The regulatory authority that has been divided will now be concentrated. The problems of safety and of airports can receive better consideration than heretofore. Though the bill is not perfect and doubtless will frequently be amended, it gives the aviation industry a solid basis for planning its future, and it reassures shippers and passengers and everybody else who wants aviation to realize its finest hopes for service to the public.

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